

AGREEMENT

between

RAYTHEON MISSILE SYSTEMS

and

THE INTERNATIONAL ASSOCIATION of MACHINISTS and AEROSPACE WORKERS

and its

LOCAL OLD PUEBLO LODGE NO. 933

2 NOVEMBER 2003-

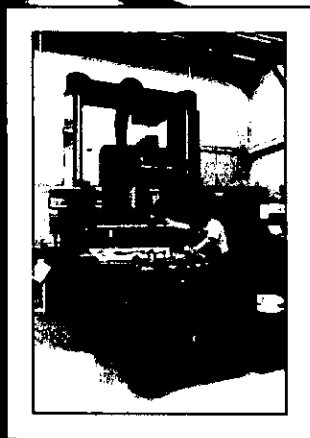
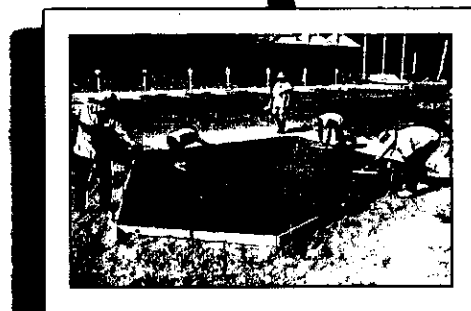
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**Raytheon
Missile Systems**



Remembering Those Who Defend Our Freedom

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A G R E E M E N T

between

RAYTHEON MISSILE SYSTEMS

and

THE INTERNATIONAL ASSOCIATION
OF MACHINISTS
AND AEROSPACE WORKERS
A. F. OF L. - C. I. O.

and its LOCAL OLD PUEBLO LODGE NO. 933

R A Y T H E O N

Tucson Plant Site

6/24/04

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WITNESSETH

This Agreement made and entered into this **2nd day of November, 2003**, by and between the RAYTHEON MISSILE SYSTEMS, TUCSON PLANT SITE, Tucson, Arizona, hereinafter referred to as the "Employer," and THE INTERNATIONAL ASSOCIATION OF MACHINISTS AND AEROSPACE WORKERS, and its LOCAL OLD PUEBLO LODGE No. 933, hereinafter referred to as the "Union."

ARTICLE I

RECOGNITION AND SCOPE OF THE BARGAINING UNIT

SECTION A. Employees Represented

The Employer recognizes the Union as the sole and exclusive bargaining agency for all the production and maintenance employees including Silver Solderers and all clerical employees employed in the Employer's Tucson, Arizona Plant Site, including Department Clerks, File Clerks, General Clerks, Material Control Clerks, Material Release Men, Messengers, Motor Transport Dispatchers, Production Control Dispatchers, Schedulers, Shop Follow-up Men, Stenographers, Stock Clerks, Timekeepers and Typists, excluding all supervisors as defined in the Labor Management Relations Act, office employees, guards, confidential employees, and professional employees. This recognition is based on Certification by the N.L.R.B., dated April 7, 1952, in Case No. 21-RC-2317; and May 16, 1952, in Case No. 21-RC-2528; and February 25, 1957, in Case No. 21-RC-4133.

SECTION B. Definition - Tucson Plant Site

It is understood that "the Employer's Tucson, Arizona Plant Site" is interpreted as meaning those installations operated by the Employer in Pima County, Arizona.

SECTION C. Work to Remain in Bargaining Unit

Work operations and job duties of a production, maintenance, and clerical nature included under the scope of the N.L.R.B. Certifications shall not be removed from the scope of this Agreement as long as such work operations and job duties are performed by the Employer's Tucson Plant Site.

ARTICLE II

EMPLOYER-UNION RELATIONS

SECTION A. Mutual Pledge to Cooperate

The Employer and the Union agree they will administer this agreement in accordance with the true intent of its terms and provisions, and to give each other fullest cooperation to the end that harmonious relations may be maintained in the interest of both Employer and employees. It shall be the duty of the Employer and its representatives, and the Union and its representatives to comply with and abide by all of the provisions of this agreement. There shall be no Union activity on the Employer's time other than provided for in this agreement. Supervisors will introduce employees who are new to an area to the area steward, as soon as possible.

SECTION B. No Discrimination

There shall be no discrimination, coercion, interference or restraint by the Employer against any employee because of membership in or activity on behalf of the Union. The provisions of this agreement shall apply without discrimination of any kind on account of race, **color**, national origin, sex, age, **religion**, **disability** or **veteran status**, or for any other reason prohibited by any federal, **state or local** law. (Any reference in this agreement to male gender applies equally to female gender unless otherwise required by the context.) The Union will not coerce or intimidate employees into becoming or remaining members of the Union.

SECTION C. Non-Bargaining Unit Employees

Supervisors and other non-bargaining unit employees shall not perform bargaining unit work except:

1. When instructing employees, or
2. To perform necessary work to alleviate technical difficulties, or
3. In case of extreme emergency (an unforeseeable condition of such urgency that its performance is imperative, and management can so justify, when required).

It is understood that the performance of such bargaining unit work by non-bargaining unit employees will not jeopardize the job security or any other contractual rights of any employee in the bargaining unit. The Employer will use its best efforts

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to insure that the terms of this provision are understood and applied throughout the Tucson Plant Site in keeping with the intent herein.

SECTION D. Management Rights

The management and operation of the plant, administration of the Employer's business and direction of the working force are exclusive functions of the management, including but not limited to, the right to hire, promote, transfer, classify, decrease or increase the working force, and for just cause to demote, discharge or otherwise discipline employees; provided, however, the exercise hereof shall be subject to the terms and provisions of this agreement.

SECTION E. Lockouts and Strikes

1. Pledge Against Lockouts. During the term of this agreement, the Employer shall not cause, permit, or engage in any lockout of its employees.

2. Pledge Against Strikes. During the term of this agreement, the Union will not authorize, cause, engage in, or sanction any slowdown, strike or work stoppage against the Employer.

ARTICLE III

HOURS OF WORK, OVERTIME, AND PREMIUM PAY

SECTION A. Definitions

1. Workweek

For the purpose of computing overtime pay of each employee on a standard workweek, the workweek of an employee shall consist of seven (7) consecutive twenty-four (24) hour days beginning at the regular starting time every Monday of his assigned shift. **Premium time will not be paid unless the employee works eight (8) hours. Eight (8) hours worked will not include paid or unpaid time off. For the purpose of this paragraph no employee will be sent home prior to the end of their normally scheduled shift.**

2. Workday

An employee's workday shall begin each calendar day at the regular starting time of his assigned shift and end twenty-four (24) consecutive hours later, except as modified by Section B, paragraph 5 and Section C, paragraph 3 of this Article and Section D, Article VII.

3. Standard Workweek

A standard workweek shall consist of five (5) consecutive workdays beginning on Monday. All employees will be assigned such workweek except as may be otherwise negotiated.

4. Cost Center

A cost center is defined as a five (5) digit accounting code, which signifies a group of employees working within a department. A department is inclusive of one or several five (5) digit accounting codes.

SECTION B. Shifts and Shift Hours

1. Shifts and shift hours shall be as follows:

Day Shift: **Seven (7:00) a.m. to Three-thirty (3:30) p.m. including a thirty (30) minute unpaid lunch period.**

Swing Shift: **Three-thirty (3:30) p.m. to twelve (12:00) a.m. including a thirty (30) minute unpaid lunch period.**

ARTICLE III

Graveyard Shift: **Twelve (12:00)** a.m. to **seven (7:00)** a.m. including a thirty (30) minute unpaid lunch period.

2. The Employer may make changes in the starting or stopping time of shifts, buildings, **classifications**, and departments, provided that such changes do not result in the shift hours specified above being moved up more than one (1) hour or moved back more than one (1) hour. At least one week's notice will be given to employees by the Employer of any change in the starting or stopping time of shifts.

3. Notwithstanding the above, when production or business needs require a more flexible work schedule, the Employer and the appropriate chief steward shall work together to accomplish mutually agreeable changes in the starting or stopping times of shifts, individuals, buildings, and **classifications** on a voluntary basis, by seniority. The Employer will give at least one (1) week's notice of the change in hours to the affected employee(s) prior to such change.

4. If a mutual agreement is reached between the Employer and the appropriate chief steward concerning paragraph 3 above, the parties must establish the length of time said work schedule will remain in effect.

5. The Employer shall make changes to an individual's starting or stopping time when production or business needs can accommodate an employee's request for such change, provided that such change does not result in the shift hours specified in paragraph 1 above being moved up more than two (2) hours or moved back more than two (2) hours. At least one week's notice by the Employer is required. Requests may be granted for periods of one or more days. An employee who is granted a flexible work schedule for time away from work (i.e., for school conferences, doctor appointments, etc.) is required to work a full day in order to be eligible for overtime pay.

SECTION C. Overtime and Premium Pay

1. Time and One-half Pay

Time and one-half (i.e., one and one-half times working rate) shall be paid in each of the following instances:

- (a) All time worked during the first four (4) hours in excess of eight (8) hours in a workday by day shift and swing shift employees.

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- (b) All time worked during the first five and one-half (5-1/2) hours in excess of six and one-half (6-1/2) hours in a workday by graveyard shift employees.
- (c) All time worked on Saturday, as such, up to twelve (12) hours.

2. Double Time Pay

Double time (i.e., two times working rate) shall be paid in each of the following instances:

- (a) All time worked in excess of twelve (12) hours in any workday.
- (b) All time worked on Sunday, as such, and on any of the Holidays specified in Article VII.
- (c) All continuous overtime hours worked which start on a Sunday, as such, up to the beginning of the employee's next workday.

3. For the purpose of this Section C, Saturday, as such, for day and swing shift employees shall be a twenty-four (24)-hour period commencing at the end of the regular swing shift on Friday. For graveyard shift employees, Saturday, as such, shall be a twenty-four (24)-hour period commencing at the regular graveyard shift starting time on Saturday. Sunday, as such, for day shift and swing shift employees shall be a twenty-four (24)-hour period commencing at the end of the regular swing shift of Saturday. For graveyard shift employees, Sunday, as such, shall be a twenty-four (24)-hour period commencing at the regular graveyard shift starting time on Sunday.

4. Pyramiding of Rates

Overtime or premium rates shall not be pyramided.

SECTION D. Report Time Pay

1. Applicable to First Five Days of Workweek

The following shall be applied in determining the amount of report time pay applicable to the first five days, of an employee's workweek:

ARTICLE III

- (a) When No Work Provided: Any employee ordered to report for work and so reporting shall receive a minimum of four (4) hours' pay at his working rate, if no work is provided him.
- (b) When Some Work Is Provided: Any employee ordered to report for work who is given work to perform and who is sent home prior to the end of the shift for the reason that no further work is available, shall receive eight (8) hours' pay at his working rate.

2. Applicable to Sixth and Seventh Workdays

When work is scheduled for an employee on either his sixth or seventh workday, or both, and he reports to work, he shall receive payment at his working rate whether or not work is actually available, at the premium rate applicable to that day, for the hours he was scheduled to work or for the hours actually worked, whichever is the greater provided that no employee shall be scheduled for less than four (4) hours of work. No employee shall be assigned to or required to work out of his **classification** in order to receive the minimum pay provided herein.

3. When notice not to report on his next regularly scheduled shift has not been given prior to the end of his regular shift, an employee shall be considered as ordered to report, except that notice to report on the sixth or seventh workday in his workweek must be given in order for the provisions of paragraph 2 above to be applicable. In the event notice is given by, or at the end of the shift, any employee who was absent the entire shift, shall not receive report time pay if he reports to work at his next regularly scheduled shift by reason of not having received such notice, unless he had first contacted his supervisor and was notified to report for work.

4. The provisions of this Section D shall not apply in cases of emergency shutdown arising out of Acts of God, fire, flood, or energy curtailments. Also, these provisions will not apply in cases of emergency shutdown arising out of internal conditions or any emergencies caused by outside activities or influences which are beyond the Company's control if mutually agreed to by the Company and the Union. When an emergency shutdown occurs, the Employer will exercise reasonable and diligent effort to notify employees not to report for work. Failure on the part of an employee to keep the Employer informed of his correct address and/or telephone number shall relieve the Employer of the

ARTICLE III

responsibility of giving such notice and for payment of report time pay.

5. In the event an employee, after commencing work, leaves of his own volition, or because of incapacity (other than industrial injury or industrial illness), or is discharged or is given a disciplinary suspension, he will be paid only for the time actually worked during that day.

SECTION E. Call-in Time and Call-back Time Pay

When an employee is called in or called back for work at a time outside of the hours of his regular shift (excluding pre-shift or post-shift overtime that is immediately preceding or following his regular shift) he shall be paid a minimum of four (4) hours pay (at the applicable overtime or premium rate, if any), or for the hours actually worked (at the applicable overtime or premium rate, if any), whichever is greater. No employee shall be assigned to or required to work out of his **classification** in order to receive the minimum pay provided herein.

SECTION F. Distribution, Equalization, and Notice of Overtime, and Saturday and Sunday Work

1. When overtime work (including Saturday and Sunday work) is necessary, it is the intent of the Company where practical to distribute the overtime equally among the affected employees. When overtime is offered to affected employees, it will be offered by **classification** and cost center.

When selecting employees for overtime work, qualified employees with the least number of overtime hours to their credit shall be first offered such work. In the event employees have an equal number of overtime hours to their credit, the most senior employees shall first be offered such work.

2. The Employer will notify employees before quitting time Thursday of work on Saturday and/or Sunday and at least one (1) day in advance of overtime work on weekdays unless emergency situations make it impractical to give such notice. All overtime must be authorized by Management.

Employees are required to notify supervision no later than four (4) hours into the start of their normally scheduled shift on Friday, if canceling any previously scheduled weekend overtime. Except for verifiable emergency, notifications beyond this time limit will result in a charge of fifty (50) hours.

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3. Uniform overtime records will be maintained and posted at each cost center. The Company will have the responsibility of maintaining overtime records. Overtime records will be maintained on a permanent basis reverting to zero effective midnight **November 30, 2003**.

4. In the distribution of overtime work (including Saturday and Sunday work) as provided in paragraph 1 above, and the maintenance of uniform records as provided in paragraph 3 above, the following rules and procedures shall be followed:

- (a) For the purpose of this paragraph 4 only, Premium Pay time, i.e. Saturday, Sunday, and Holiday time worked shall be considered as overtime.
- (b) All overtime hours shall be converted to straight-time hours and charged and recorded as such to the nearest full hour (0.5 and over).
- (c) Unless overtime involves consecutive shifts as outlined in Article **X**, Section E, when an employee receives notice of overtime work in accordance with paragraph 2 above and declines to work overtime, he will be charged with the hours he was scheduled to work. If such overtime is subsequently canceled, employee's charge will be rescinded.
- (d) When an employee having accepted an overtime assignment fails to report for such overtime work he will be charged a total of fifty hours. Another capable employee regardless of cost center, who is in plant, may be assigned that scheduled work. In the event such capable employee is not in the plant and/or not available for said work, the work may be performed by a non-bargaining unit employee as per Article II, Section C, paragraph 3, provided it is not a continuing effort. For continuing production the supervisor will attempt to contact for call-in the appropriate next employee within that **classification** and cost center. The most available in-plant Union representative will be notified of the action to be taken.
- (e) When an employee is reclassified or a new hire completes his probationary period, or an employee is recalled, such employee shall be credited with the average amount of overtime hours in the cost

ARTICLE III

center within the **classification** to which he is assigned. All overtime worked or refused in accordance with Article III, Section F, paragraph 4(c) prior to receiving the average shall be added to the average.

- (f) When all employees in a **classification** are carried on the same Overtime Roster, any average given will be the actual average for all employees on that common roster as of that day. For employees in **classifications** not on a common roster, the average given will be the actual average for all employees assigned to the cost center within the **classification** as of the end of the prior month.
- (g) When an employee returns from a leave of absence in excess of thirty (30) calendar days, he shall be credited with the average overtime hours in his cost center, or shall retain his previously credited overtime hours, whichever is the greater. A leave of absence for thirty (30) calendar days or less shall not cause a change in an employee's credited overtime hours.
- (h) Any employee who declines to work overtime because of failure to receive notice as specified in paragraph 2 above, or where there is less than six (6) hours between the end of his normal shift and the start of the overtime shall not be charged with the requested overtime hours. This refusal shall be noted on the overtime records.
- (i) Probationary employees shall not be offered overtime work unless all other employees in the same **classification** in the same cost center have been offered the overtime. In the event employees have an equal number of overtime hours to their credit, the most senior employees shall first be offered such work. Should an insufficient number of employees offered the overtime work in accordance with the above, accept overtime and there is an insufficient number of employees assigned in the **classification** in other cost centers capable of performing the work and willing to accept the overtime, employees assigned in other **classifications** holding certification to the overtime **classification** and capable of performing

ARTICLE III

the work, shall be scheduled overtime in accordance with paragraphs 1 and 4(c) above.

- (j) In the event an insufficient number of employees accept overtime in accordance with subparagraph (i) above, employees assigned in other **classifications** who are capable of performing the work will be scheduled.
- (k) In the event an insufficient number of employees in **classifications** involved with the maintenance of the plant and/or its equipment or the developmental phase of a project accept overtime, the least senior employees in such **classifications** capable of performing the work will be scheduled.

When scheduling overtime to avoid interruption of a production schedule and an insufficient number of employees accept the overtime; employees may be directed to work. In order to invoke directed overtime, approval must be provided by the department manager and notification given to a **Labor Relations** department representative who will in turn notify the chief steward. Directed overtime shall be by the least senior employees in the appropriate **classifications** and department capable of performing the scheduled work. The employee directed to work may file an appeal to be excused from the directed overtime, said appeal shall be to the appropriate department manager and final resolution conveyed to the chief steward. If a directed employee's appeal is approved, the next least senior capable employee in the **classification** and department shall be directed to work. Should a sufficient number of capable employees volunteer for the scheduled overtime by the end of shift Friday, the directed overtime will be canceled. Directed overtime shall not be invoked more than two (2) times in a **cost** center in any four-week period, unless mutually agreed by the Employer and the Union.

- (l) In emergency situations that interrupt production schedules, employees involved in the maintenance of the plant and its equipment and employees involved in the maintenance of production equipment, where work is started but not

ARTICLE III

completed during scheduled working hours, may be assigned to complete such assignments on overtime work until the job is completed, without regard to the employee(s)' relative standing in overtime hours.

- (m) When an employee is asked on or before Thursday and accepts an assignment for work on Saturday and/or Sunday and such assignment is canceled subsequent to the end of the shift on the Friday immediately preceding such Saturday and/or Sunday but prior to reporting for such overtime assignment the employee shall be paid his working rate for four (4) hours time, except as provided for in Section D, paragraph 4 of Article III.
- (n) Continuity of work operations may require an employee, including those temporarily assigned, to follow through on overtime work started during regular working hours regardless of the employee's relative standing in overtime hours. When this condition exists to the point that operational requirements would be adversely affected, the involved employee may be assigned to the overtime work.
- (o) Employees who cannot work overtime because of a medical restriction resulting from industrial illness or injury shall not be charged with overtime during such restriction.

5. On a **semi-annual** basis, (**April and October**), employees in a **classification** who are 400 hundred or more hours below the employee with the highest overtime hours in their **classification** may request a transfer to another department for equalization of overtime. **Employees, who are subsequently moved, will remain in their new department for one (1) year prior to submitting for equalization thereafter, an employee who withdraws his request after the effective date may not submit another equalization request for one (1) year. The Chief Steward and manpower will meet semi-annually, prior to effective dates to discuss any issues that may arise due to the equalization process.** If a program encounters an adverse effect due to the equalization effort, the Company and Union will meet to resolve the matter.

6. If a common roster is to be developed or deleted the chief steward, **Labor** Relations, and affected department manager will resolve the matter in a mutually acceptable method.

ARTICLE III

SECTION G. Computation of Time

Time worked and/or lost due to tardiness or other reasons shall be calculated in units of six- (6) minute's duration, that is, tenths of hours, beginning on the hour. Fractions of such units shall not be counted.

SECTION H. Rest Periods

Each employee shall be given a ten-minute rest period in each half of his assigned shift, the times of each rest period to be designated by the Employer. An employee scheduled to work two or more hours in addition to his/her scheduled eight-hour shift shall be granted a rest period between the eight-hour shift and the overtime work.

SECTION I. Clean-up Time

The Employer shall allow employees adequate personal clean-up time before quitting time.

ARTICLE IV

WAGES

SECTION A. Definitions

When used in this Agreement, the following terms and phrases shall mean:

1. Classification Rate Range Schedule

The Classification Rate Range Schedule includes the wage rate ranges for the appropriate classifications as listed in Section S of this Article.

2. Hourly Classification Rate Range Schedule

Is the wage rate range established by the Classification Rate Range Schedule applied to a classification.

3. Base Hourly Wage Rate (at times referred to as Base Rate)

Is the hourly wage rate excluding any shift or premium payments.

4. Working Rate

The working rate as used in this Agreement shall be the employee's base rate plus other applicable additional pay categories, i.e., working leader, instructor, subject matter expert (SME), negotiated temporary rates, red circle, etc. and does not include shift premiums.

5. Red Circled Rates

A rate of hourly pay that is outside the maximum of the rate range, as referenced in this Article IV, Section G, established for the classification in Section S of this Article.

SECTION B. Automatic Wage Progression (AWP)

1. Effective with the ratification of the Labor Agreement, employees other than those classified as Assembly Technicians, who are paid below the maximum of their classification rate range, will be eligible for an AWP increase. The first AWP increase will be effective Saturday, April 24, 2004. Employees other than those employees classified as an Assembly Technician, who have a base rate that is below the maximum of the rate range for their classification will receive a maximum AWP of fifty cents (\$.50) per hour or an amount less

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than fifty cents (\$.50) to reach the maximum of the rate range for their classification. Following this AWP increase, each employee who is still below the maximum of the rate range for their classification shall receive a maximum AWP wage increase of fifty cents (\$.50) each twenty-six (26) weeks thereafter until the maximum of their classification rate range is attained. If the last AWP increase is within five cents (\$.05) or less of the maximum of the classification rate, the employee will be given the additional increase to the maximum of the rate range for their classification.

2. New employees hired after the effective date of this agreement will receive their first AWP increase (if applicable) following the completion of twenty-six (26) weeks on the payroll.

3. Any AWP increase shall become effective on the first Saturday following the completion of the twenty-six week period.

4. Absences of three (3) or more continuous calendar workweeks, not covered by authorized PTO, will not be counted toward the accumulation of time/experience necessary for AWP's.

SECTION C. Additional Pay Categories

1. The following additional pay categories, when used, will increase the employee's working rate as follows:

- (a) Working Leader -- Fifty Cents (\$.50)
- (b) Instructor - Fifty Cents (\$.50)
- (c) SME - Fifty Cents (\$.50)
- (d) Negotiated Temporary Rates

SECTION D. Shift Premiums

1. Swing shift employees shall receive a premium of fifty cents (\$.50) an hour.

2. Graveyard shift employees shall receive eight (8) hours pay including a premium of twelve cents (\$.12) an hour for working six and one-half (6-1/2) hours.

3. For the purpose of paying shift premiums, the following shall establish and identify shifts:

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- (a) Day shift: Any shift starting at or after 3:30 a.m. and before 12:00 noon.
- (b) Swing shift: Any shift starting at or after 12:00 noon and before 8:30 p.m.
- (c) Graveyard shift: Any shift starting at or after 8:30 p.m. and before 3:30 a.m.

4. Outlying Facilities

Should the Employer operate outlying facilities in Pima County, Arizona, involving work operations, which come within the Recognition and Scope of this bargaining unit, the Employer will negotiate at that time as to the wages, hours, and working conditions applicable thereto.

SECTION E. Learner Program

The Base Rate, wage progression increments and intervals, **if any**, for employees classified as Learners will be determined by mutual agreement between the Employer and the Union on the basis of degrees of training or related experience required to be eligible for consideration. The maximum rate for Learners **will be no greater than the minimum of the classification rate.**

SECTION F. Installation of New and Revised Job Classifications

1. The Management in accordance with its operations requirements may delete, establish or revise Job Classifications together with Job Descriptions and rates of pay. The Employer agrees that it will promptly notify the Chief Steward verbally and the Directing Business Representative by registered or certified mail at least thirty (30) days in advance of any such action and will solicit input from the Chief Steward and/or Directing Business Representative, and if requested by the Union, will negotiate over the proposed changes during the thirty (30) day period prior to implementing any such new or revised Job Description or rate of pay.

2. In the event the Employer and the Union have a dispute regarding the implemented classification rate, the matter may, at the option of either party, be submitted to arbitration. The Arbitrator shall be chosen in the manner prescribed in Article XII of this Agreement.

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3. The effective date of the applicability of the Classification Rate Range for any new or revised classification, shall be the date upon which such new or revised classification was first introduced and used by the Employer.

4. When a new classification is established, the Employer will work with the Union as to the most logical process to be followed to fill such new classification.

5. When a revision or combination of classifications takes place, incumbents will be retained in seniority order.

6. Employees with insufficient seniority to hold in a revised or combined classification will exercise their seniority plant-wide at that time to a classification they hold rights to, by order of pay (high to low). Such employees will be carried on the recall list of the revised or combined classification.

7. Employees assigned to new classifications having exercised their seniority per paragraph 6 above, shall be compensated at their present Base Rate or the maximum of the classification assigned to, whichever is less.

8. In any event, employees who remain and work in the new classification shall not experience a reduction of their present Base Rate as a result of the elimination, combination or revision of a classification, however they may be "red circled."

9. The Union shall have the right to recommend to the Employer that a new or revised classification be proposed as called for in this procedure.

10. Classification descriptions are of a composite nature and describe typical and normal job duties. These duties are characteristic of the classification and are not intended as listing or describing all of the work operations or tasks done within the classification. Therefore, a classification description is not to be construed so as to restrict the Employer to assign work to employees nor to grant or concede an employee any right to refuse to perform assigned work for the reason that such work is not described specifically in the classification description for his classification, but is not to include machines or work operations described in other classification descriptions and not in that for his classification.

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11. When work operations or job duties are not adequately or specifically described, such work operations or job duties shall be appraised and classified as belonging under the most appropriate classification description, by considering the relative degree of complexity or level of difficulty of said work operations or job duties in comparison with comparable work operations or job duties described in the "Typical Tasks" section of the classification descriptions. It is understood that a classification description for a job is to be interpreted and applied in its entirety as a specification of job standards, which are definitive of the job requirements of that particular classification.

12. The normal duties of any employee may include recordkeeping associated with the classification and assistance to others.

13. The classification description being of a composite nature, it therefore is not required that an employee perform all of the work described in a classification description in order to be classified there under. Similarly, an employee shall not be classified under a classification description by reason of his performing infrequently or on rare occasions an isolated or singular duty described in a classification description. An employee is required to perform the duties set forth in a classification description under that degree or amount of supervision, guidance or instruction which is considered usual and normal for that particular job.

14. When a work operation or function is described in the same manner for more than one classification, such work operation or function shall not be used to determine the proper classification of an employee. Such operation or function is not a distinguishing element, but stated for descriptive purposes or because it is such an integral and necessary part of the job that its omission would be undesirable from the standpoint of completeness.

SECTION G. Red Circled Rates

Effective with the signing of this agreement any employee who is currently paid an hourly rate that is above the rate range maximum for the classification assigned will be considered as having a "Red Circled Rate."

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SECTION H. Grandfathered Family/Level Multiple Certification Increases Within old CEP Family - Current Employees Only

Current employees enrolled in classes as of October 27, 2003 in their former family and level to obtain additional classification certifications will be given until January 1, 2006 to complete all coursework. Upon approval of a certification request by the CEP office, the employee will be eligible to receive a base wage adjustment per Article IV, Section J in the collective bargaining agreement (CBA) dated October 28, 1999. These employees are not eligible for the \$1,000.00 educational bonus.

(*Employees in the Assembly Technician classification will continue to be covered by letter of agreement dated July 10, 2003)

SECTION I. Promotional Increase*

Effective with the signing of this agreement, any employee who successfully completes the curriculum for a CEP certified classification will, upon approval of a certification request by the CEP office, gain certification and promotional/displacement rights to the new classification.

When the employee is promoted to the new classification, he will receive wages as defined in this Article IV, Section S. Upon promotion the employee's new base rate will be the employee's current base rate or the minimum of the rate range of the new classification, whichever is higher.

(*Employees in the Assembly Technician classification will continue to be covered by letter of agreement dated July 10, 2003)

SECTION J. CEP Educational Wage Payment*

Effective with the signing of this agreement, any employee who successfully completes the CEP curriculum classes, gains promotional rights to the new classification and is promoted to the new classification will receive a one-time \$1,000 educational wage payment.

(*Employees in the Assembly Technician classification will continue to be covered by letter of agreement dated July 10, 2003)

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SECTION K. Pay for Field Service Assignments

Employees receiving field service assignments will be paid such per diem, travel allowances and other expenses as may be negotiated between the parties from time to time.

SECTION L. Industrial Accident and Illness Pay

An employee who suffers an industrial accident or an industrial illness and who is sent home before the end of his regular shift because of such condition, shall be paid at his working rate for time lost on the shift on which the illness or injury occurred.

When subsequent treatment is required **by the Company Doctor** during working hours after the employee has returned to work, he shall be paid at his working rate for time lost from work while receiving such treatment.

SECTION M. Bereavement Pay - Eligibility and Allowance

An employee, upon written application shall be paid his or her working rate for up to three (3) days (five (5) days when out of state travel is required), when absent from work because of the death of an immediate family member. The days absent from work may be granted in increments of four (4) hours for a half-day's absence (3.3 hours for third shift), or eight (8) hours (6.5 hours for third shift). The time absent from work, based on bereavement needs, does not have to be consecutive. The immediate family, for purposes of this policy, includes spouse, parent (parent includes the person or people who raised you), parent of spouse, child, brother, brother of spouse, sister, sister of spouse, stepparent, stepparent of spouse, stepchild, stepbrother, stepsister, grandchild, grandparent, or grandparents of spouse.

SECTION N. Pay Day

Pay day for employees covered by this Agreement shall be on Friday for day shift and graveyard shift employees and, barring conditions beyond the Employer's control, on Thursday for swing shift employees for work performed during the week ending the prior Friday. Paycheck distribution will be on Thursday and every effort will be made to issue the paychecks to employees in a reasonable time prior to the end of their shift in order to answer any questions that may arise.

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SECTION O. Pay for Annual Military Training

Pay for annual military training will be in accordance with the most current Company policy.

SECTION P. Pay for Jury Duty/Witness

1. Employees are encouraged to fulfill their jury duty obligations when called for such service. To this end, the Employer will make every effort to overcome any need to request the Jury Commissioner or Court to excuse any employee from jury duty.

2. When an employee who has completed his probationary period is absent from work in order to serve as a juror or to report to the court in person in response to a jury duty summons or to report for jury duty examination, he shall be paid for those hours absent from work during his regular five-day workweek to a maximum of ten (10) work days in any twelve (12)-month period. The Company will not limit payments to a specific number of days for grand jury service.

3. Pay for such work-time lost shall be computed at the employee's regular working rate exclusive of any premium for overtime. In no case will payment be made for jury duty performed for hours in excess of eight (8) per day, or for jury duty while the employee is on layoff, vacation, or leave of absence.

4. To receive pay for work time lost, an employee must promptly (within twenty-four (24) hours) notify his supervisor of any notice the employee receives to report for jury examination or to report for jury duty.

5. In order to recover jury pay, the employee must furnish to the Employer a certificate from the Clerk of the Court in which the employee serves as a juror certifying the date or dates of attendance.

6. For the purposes of this Section, a day shift employee is expected to report for work if temporary freedom from jury duty will allow him to work for four (4) or more hours; swing shift employees will be expected to report for work if they are not required to give four (4) or more hours to jury duty on any one day; graveyard shift employees will be expected to report to work on their following regular shift if they gave less than four (4) hours to jury duty on the day preceding their shift and/or are not expected to report to jury duty within eight (8) hours following their shift. Employees on jury duty are expected to keep the Employer advised as to what their jury duty schedules will be.

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During an employee's jury duty assignment, he will not be considered for overtime, premium time work, or call-in.

7. When an employee who has completed his probationary period is absent from work in order to serve as a witness in a Federal or State Court of Law to which the employee is not a party either directly or as a member of a class and where such absence is in response to a legally valid subpoena, he shall be paid for those hours absent from work during his regular work hours during his regular five-day workweek less the fee or other compensation paid with respect to such service as a witness.

The employee shall furnish to the Company satisfactory evidence showing his attendance as a witness that meets the requirements of this Article. Pay is computed as is Jury Duty.

SECTION Q. No Wage Reduction

Unless otherwise provided in this agreement, no employee shall receive a reduction in wages as a result of the signing of this Agreement.

SECTION R. Lump Sum Payment at Signing, Supplemental Wage Payment and General Wage Increase

1. Effective with the ratification and signing of this Labor Agreement, each employee on the active payroll, in the bargaining unit, shall receive a lump sum payment of \$3,000.00. This payment will be made no later than Friday, November 14, 2003. This lump sum payment will be used to calculate 401(k) contributions and for retirement earnings calculations.

2. On or before Friday, January 14, 2005, each employee on the active payroll, in the bargaining unit, shall receive a supplemental wage payment equal to 3.5% of their gross earnings for calendar year 2004. This supplemental wage payment will be used to calculate 401(k) contributions and for retirement earnings calculations.

3. On or before Friday, January 13, 2006, each employee on the active payroll, in the bargaining unit, shall receive a (3.5%) General Wage Increase unless specified in paragraph 4 below. This (3.5%) General Wage Increase will be applied to the maximum of the rate ranges in Section S of this Article IV.

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4. On or before Friday, January 13, 2006, each employee who has a red circled rate as outlined in Section G of this Article, at the time of the application of the 3.5% general wage increase** as outlined in this Section R, paragraph 3, will receive a supplemental wage payment equal to 4% of their gross earnings for calendar year 2005. This supplemental wage payment will be used to calculate 401(k) contributions and for retirement earnings calculations.

**** Application Example:**

A current "red circled" employee whose hourly rate of pay following the application of the negotiated 3.5% GWI is now within the new rate range for their job in accordance with Section S of this agreement will receive the following pay adjustment:

1. The employee will receive a 3.5% GWI up to the new rate range maximum and any of the increase that is not used to reach the new maximum of the rate range will be paid in a lump sum to the employee.

Example: An Assembly Technician is currently paid \$19.50 per hour and is "red circled" above the maximum of the current rate range which is \$19.04 per hour. Following the application of the negotiated 3.5% GWI, the new maximum of the rate range for Assembly Technician is increased by \$.67 to \$19.71 per hour; therefore, the employee would receive a GWI of 21 cents per hour to get the employee to the new rate range maximum and their "red circle" would be removed. This employee would also receive a lump sum payment of \$.46 multiplied by 2080 hours, which would be \$956.80. This lump sum payment will be subject to normal deductions and will be used to calculate 401K contributions and for retirement earnings calculations.

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SECTION S. Classification Rate Range Schedule

Job Code	Classification	Rate Minimum	Rate Maximum	3.5% GWI 1-13-06 Rate Maximum
40543	Fab Floor Sup. Mech. Tool	\$23.24	\$23.24	\$24.05
40533	Fab Floor Sup. Qlty. Asst	\$23.24	\$23.24	\$24.05
40193	Assy. Technical Support	\$23.24	\$23.24	\$24.05
40183	Assy. Manufacturing Support	\$23.24	\$23.24	\$24.05
40913	Maint. Elec. Technician	\$22.95	\$22.95	\$23.75
40903	Maint. Mach. Technician	\$22.95	\$22.95	\$23.75
40173	Cai. Service Technician	\$22.38	\$22.38	\$23.16
40153	Mech. Service Technician	\$22.38	\$22.38	\$23.16
40633	Process Chem. Floor Sup.	\$21.80	\$21.80	\$22.56
40623	Process Mech. Floor Sup.	\$21.80	\$21.80	\$22.56
40983	Administrative Support	\$21.80	\$21.80	\$22.56
40993	Material Support	\$21.80	\$21.80	\$22.56
40523	Prototype Tool & Die	\$18.93	\$21.62	\$22.38
40513	Metrology Technician	\$18.93	\$21.30	\$22.05
92103	Welder	\$18.93	\$21.27	\$22.01
40893	HVAC	\$18.93	\$20.65	\$21.37
40133	Product Test Specialist	\$18.93	\$20.01	\$20.71
40163	Engineering Test Technician	\$18.93	\$20.01	\$20.71
40503	Toolroom Machinist	\$18.93	\$19.68	\$20.37
40883	Plumber	\$18.93	\$19.51	\$20.19
40493	Ultra Precision/Grind	\$18.93	\$19.36	\$20.04
40873	Sheet Metal Mechanic	\$13.48	\$19.04	\$19.71
40863	Maintenance Mechanic	\$13.48	\$19.04	\$19.71
40853	Woodwright	\$13.48	\$19.04	\$19.71
40843	Garage Mechanic	\$13.48	\$19.04	\$19.71
40093	Assembly Technician	\$13.48	\$19.04	\$19.71
40483	Prod. Mach. Specialist	\$13.48	\$18.73	\$19.39
40763	Chemical Handler	\$13.48	\$18.00	\$18.63
40833	Painter	\$13.48	\$17.50	\$18.11
40773	Material Handler	\$13.48	\$17.43	\$18.04
40463	Fab Quality Technician	\$13.48	\$17.10	\$17.70
40443	Production Machinist	\$13.48	\$17.10	\$17.70
40753	Support Quality Specialist	\$13.48	\$16.91	\$17.50
40743	WIPS	\$13.48	\$16.47	\$17.05
40453	Sheet Metal Specialist	\$13.48	\$16.27	\$16.84
40603	Process Technician	\$12.59	\$19.04	\$19.71
40733	Material Specialist	\$11.30	\$14.00	\$14.49
40723	Image Specialist	\$10.00	\$13.74	\$14.22
40823	Utility Helper	\$10.00	\$12.91	\$13.36
40423	Material Preparer	\$10.00	\$12.59	\$13.03
40713	Clerical Specialist	\$10.00	\$11.61	\$12.02
40703	Distribution Specialist	\$10.00	\$11.30	\$11.70
40413	Parts Finisher	\$10.00	\$10.65	\$11.02
40813	Custodian	\$10.00	\$10.00	\$10.35

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SENIORITY

SECTION A. Definition(s)

Seniority as used in this agreement designates the length of service of an employee as established in any bargaining unit classification by his most recent hire date, the possession of which entitles him to certain rights and preferences provided in this agreement. When an employee is displaced, promoted, recalled or other such reclassification, his seniority shall be transferred to his new classification.

Employees new to the bargaining unit or ex-employees rehired after loss of seniority, shall serve a probationary period of ninety (90) calendar days, not including paid or unpaid absences, and shall possess no seniority rights during such probationary period. During the probationary period, employees shall have recourse to the grievance procedure on all matters except cases involving discharge and cases involving layoff for lack of work. Employees who complete their probationary period shall be credited with seniority as of the effective date of their hire, or rehire.

1. Classification shall be defined as an occupation covering employees within the bargaining unit. For example, the classifications of "Assembly Technician," "Assembly Technician Working Leader," and "Assembly Technician CEP Instructor," constitutes a single classification.

2. Reclassification shall be defined as any change in an employee's classification.

3. Promotion shall be defined as any change in an employee's classification, which results in the employee being reclassified to a higher paid classification with or without an immediate change in base rate.

4. Displacement shall be defined as an employee being reclassified due to a reduction in force in the classification.

5. Recall shall be defined as notification from the Company of an employee from his present classification to an equal or higher classification from which he was displaced from and which he holds seniority rights, or notification from the Company to return from layoff from the street to any classification to which he holds certification and seniority.

6. Certification is defined as successful completion of certification requirements for a classification.

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SECTION B. Determination and Application

1. Seniority shall be applied to a **classification in which an employee has earned certification rights or established certification rights under prior agreements.**

2. Employees **transferred and/or** reclassified out of the bargaining unit **will not** retain seniority within the bargaining unit.

3. The seniority of persons hired on the same calendar day shall be in alphabetical order of surname, and if surnames are identical, in alphabetical order of initials. Any subsequent change in an employee's surname and/or initials shall not cause any change in the employee's previously established seniority **and the original sequence number assigned will be used.**

4. Seniority shall continue to accumulate during **approved** leaves of absence.

5. Employees who are laid off shall accumulate seniority during such periods of layoff **up to sixty (60) consecutive calendar months.**

6. Seniority of In-Plant Union Representatives

(a) Of Stewards: Union stewards shall be entitled, subject to their ability to perform work within any remaining **classification** within the area of jurisdiction they serve as steward, and without regard to their seniority, to be the last employees laid off from and the first to be recalled to their respective areas of jurisdiction.

(b) Of chief stewards: Union chief stewards shall be entitled, subject to their ability to perform work within any remaining **classification** on the shift they serve as chief steward, and without regard to their seniority, to be the last employees laid off from and the first to be recalled to their respective shift.

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SECTION C. Loss of Seniority

1. Continuity of service will be broken and seniority shall be lost by the occurrence of any of the following:

- (a) Resignation.
- (b) Discharge for just cause.
- (c) Layoff from the bargaining unit for sixty (60) consecutive months.
- (d) **An employee who is absent from work three (3) consecutive working days without reporting such absence to the supervisor or department manager without good and sufficient reason will be considered to have terminated employment as a voluntary quit.**
- (e) **Failure to return from an approved leave of absence or upon exhaustion of the maximum leave of absence period under the contract.**
- (f) After layoff, failure to keep the Employer informed of availability for recall in writing, via certified mail with current address and phone number, postmarked in the month of July during the period of layoff. The proper address, department and phone number to which any such notification should be made shall be given to employees by the Employer at time of layoff.
- (g) Failure to:
 - (1) Notify the Employer of intention to report for work within five (5) working days after receipt of notice of recall by a verifiable notification method (i.e., certified mail, registered mail, or other such method) at the most recent address shown on the Employer's personnel records;
 - (2) Return to work within ten (10) working days after notifying the **Labor Relations** department of intention to report for work, unless a satisfactory reason for such failure to return is given; or,

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- (3) Report for recall on any other basis than cited in Section G, paragraph 4(a), he will forfeit all bargaining unit seniority rights.

(h) Transfer out of the bargaining unit.

SECTION D. Reclassification

An employee may request to be reclassified to a classification where he has earned certification with or without an immediate change in base rate. As openings occur requests may be honored in seniority order if business needs allow. If such request is honored the employee's base rate will reflect the new classification and he may not request reclassification for one (1) year.

SECTION E. Promotions

1. As classification openings occur, the most senior employee with certification rights to the classification will first be offered promotion. Subsequently, certified employees will be offered promotion in seniority order.

2. The Employer will notify the ~~most senior certified~~ employee at least ten (10) working days in advance of the need for the opening to be filled. The employee then has two (2) working days from the date of receipt of the form furnished by the Employer to accept or decline promotion. The employee's decision as indicated by his signature on the form becomes final and cannot be rescinded for this promotion. Failure to respond will be considered as a refusal to promote.

3. Should the employee refuse promotion, he shall be removed from the promotion eligibility list for that classification. He shall not be offered promotion again until he requests reactivation of his Certification Request in writing to the employer one (1) year after the refusal. Employees cannot refuse a promotion for classifications in which they are being compensated.

4. In the event promotions involve shift changes, employees being promoted shall be given shift preference in seniority order.

5. Working Leads

When management determines a need for a Working Lead, and is in one of the classifications listed below in subparagraph (a), the supervisor will select the most senior capable employee, as defined in the working leader job description, in the

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classification and cost center(s) for an area as defined by management. The employee must have worked at least 90 calendar days (prior to selection) in the cost center(s) to be considered.

- (a) **Assembly Technician**
Clerical Specialist
Engineering/Test Technician
Process Technician
Product Test Specialist
Production Machinist
Production Machinist Specialist
Support Quality Specialist
Fabrication Quality Technician
Warehouse Identification Production Spec.
- (b) When the promotion is to Working Lead in a **classification** not listed in (a) above, the most senior capable employee in the **classification** shall be offered the promotion.
- (c) In the event the most senior employee is not selected, a meeting with the employee, steward and supervisor will commence to discuss the reason the employee wasn't selected, prior to the selection of the next eligible senior employee.
- (d) **Classifications** may be added to or deleted from the list (a) above, upon the mutual agreement of the parties.

6. When a promotion is made and the most senior employee with promotional privileges for the promotion is absent for any reason, the next most senior employee with promotional privileges will be temporarily promoted. When the absent employee returns, he will be promoted retroactively (for seniority purposes only) and will replace the employee given the temporary promotion.

SECTION F. Certification Request Procedure

- 1. An employee may attain certification to any **classification** upon the successful completion of certification requirements.
- 2. Each employee who files a Certification Request must use the specific title of the **classification** to which certification is requested and must list his training and/or experience for such **classification**.

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3. Acknowledgment of receipt of a Certification Request will be given to the employee by his supervisor at the time of filing.

4. To attain certification, an employee must submit a Certification Request form to the **salaried Career Enrichment Program Administrator**.

5. The Employer will accept and retain a Certification Request if the employee's documented training and/or experience will enable him to meet the certification requirements of the **classification** under normal supervision.

6. The employee will be notified as to acceptance or rejection of his Certification Request in writing within thirty (30) calendar days after receipt of the Certification Request by the Employer. The determination as to the employee's training and/or experience may be challenged. The challenge shall be reviewed by **CEP Administration, and a decision will be made by the salary CEP Administrator**, prior to challenge under the provisions of the grievance procedure.

7. Certification Requests which have been approved as outlined above shall be retained as active requests unless canceled by the employee. Refusal of promotion will be interpreted as cancellation of the request.

8. Should the certification requirements change prior to the promotion of an eligible candidate into that **classification**, the candidate will remain eligible for the promotion.

9. Any changes affecting employees in the process of completing the educational requirements for a **classification** will be reviewed by the **salary CEP Administrator who will make a recommendation to the negotiating committee** for the final decision.

10. Any change in certification criteria will become effective for all other candidates on the date the change is **posted** by the Employer.

11. The requests of probationary employees will be honored only when no other acceptable Certification Requests have been filed by employees who have completed their probationary period.

12. Should the volume of Certification Requests be of such magnitude as to prevent proper processing in the specified thirty (30) calendar day limitation, a reasonable extension of such period shall be mutually agreed upon **with the Chief Steward**.

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SECTION G. Reduction in Force and Recall Provisions

1. Notice of Reduction in Work Force

The Employer will give as much advance notice as possible prior to a reduction in force to the employee affected and the Union, in any case, not less than three (3) working days, to an employee being laid off from the plant. Failing to comply with this, the employee shall be continually employed until (3) days notice is given.

2. Reduction in Work Force

- (a) When it becomes necessary for the Employer to reduce the work force in a **classification**, employees will be processed only as follows:

(1) **Employees currently working in the classification that do not hold rights to the classification (i.e. Provisional, Redeployed, etc.)**

(2) Probationary employees in the **classification**.

(3) **Employees in the classification in the inverse order of their seniority.**

- (b) An employee who is declared surplus may displace only the least senior employee in his **current classification** or other **classifications** in which he holds seniority rights.

(1) An employee who is declared surplus, whose seniority will not hold him in his present **classification** will exercise his displacement rights to his next highest **classification to which he holds seniority**. However, an employee who is unwilling to be displaced into **his next highest classification** shall be laid off from the plant.

(2) An employee transferred to a different shift as a result of a reduction in force shall, within ten (10) working days thereafter, upon written request, on a form furnished by the Employer, be given the preference his seniority permits to bump the least senior employee in his **classification** who is on the shift from which he was transferred, and such

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requests shall be made effective not later than the second Monday following receipt thereof.

- (3) An employee who is reclassified as a result of displacement, recall from lay-off, or request for reclassification shall be compensated at **his current base rate or the maximum of the new classification in which he is being reclassified, whichever is lower.**
- (4) **For pay purposes only, current employees who are being compensated (as of October 27, 2003) for classifications or gain certification as referenced in Article IV, Section H, of this agreement and are displaced, will be displaced in a manner consistent with contract language in the collective bargaining agreement dated October 28, 1999.**

3. Layoff While on Leave of Absence

Employees on an approved medical leave of absence who become subject to a reduction in force shall be processed for displacement or layoff as of the date of expiration of or return from approved medical leave of absence. Notice of reduction in force or layoff to such employees is not required nor shall they be entitled to report time pay. For the purposes of paragraph 1(c) of Section C of this Article, the period shall commence from the day the employee would have been laid off had he been actively at work.

4. Recall

- (a) **An employee laid off from the plant may decline recall one (1) time during each period of layoff without jeopardizing his seniority rights. An employee who refuses recall the first time will not be asked again for recall for a minimum of 30 calendar days. However, the Employer reserves the right to fill the position, in situations where the 30 calendar days has not elapsed. Such action may result in a less senior employee filling a position while a more senior employee remains on layoff.**
- (b) **If an employee on the active payroll declines recall, he will forfeit all seniority rights for that classification.**

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- (c) An employee laid off from a working lead **and/or instructor** appointment does not establish recall rights to the **position**.
- (d) **Employees laid off to the street who obtain classification certification while laid off have seniority rights to openings for that classification.**
- (e) Right to Recall Retained While in Employment

The sixty-month (60) loss of seniority provision shall not apply to employees who exercise their displacement rights and accept reclassification in lieu of layoff. Such employees shall retain recall rights during the period of employment **within** the plant.

5. Temporary Layoffs

- (a) The need for temporary layoffs may result from emergencies beyond the reasonable control of the Employer. **Labor Relations** department shall notify the **Chief Steward as soon as practical of the event.**
- (b) It is agreed that when a temporary layoff (up to six (6) weeks) occurs, the Employer will first request volunteers, by seniority, from the directly affected department **or** cost center. In the event an insufficient number of volunteers are obtained, then additional volunteers may be solicited by seniority, outside that cost center but within the affected **classification, subject to the business requirements of the department.** In the event the required number of employees is not obtained on a voluntary basis, then the **least senior in the cost center(s)/area shall be temporarily laid off.**
- (c) Temporary layoffs not exceeding six (6) calendar weeks may be made by the Employer without application of the general layoff and seniority provisions herein. It is further agreed that the laid off employees will be those with the least seniority in the **classification** and cost center from which the temporary layoffs are made, except that employees with more than ten (10) years plant seniority shall be subject to temporary layoff on a voluntary basis only. All wages due will be paid,

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and, upon the request of an employee, his earned PTO benefits will be paid.

- (d) The parties agree that during periods of temporary layoffs the Company will provide medical, dental, and life insurance and retirement benefits under the terms and conditions of this agreement.
- (e) Employees, other than probationary employees, on temporary layoff will continue to accumulate their seniority.

6. Disqualification

Following disqualification, all rights and compensation gained as a result of certification shall be revoked, and the employee shall be returned to his previously held **classification**. If the employee cannot hold in that **classification** because of seniority, the **classification** no longer exists, or is not being utilized, he will displace to other classifications in which he holds seniority rights as provided for as though he were, in fact, subject to layoff.

SECTION H. Shift Transfer

1. Upon written request, on a form furnished by the Employer, senior employees shall be given shift preference in seniority order over other employees and new hires for placement in available jobs in the same classification. In order to be considered for an available opening, a request must have been filed with the Employer at least five (5) working days before such opening is actually filled. In the event an employee has indicated more than one shift preference, the granting of one shift preference, not including his current shift, shall cancel any remaining preferences. Such written requests shall be retained as active until granted or canceled by the employee in writing five (5) days prior to such opening.

- (a) The Employer may process one shift request per employee, per **classification**, per year as follows:
 - (1) On a **semi-annual** basis (**January and July**) the Employer will honor **five (5)** such shift requests provided the employee has enough seniority to bump a less senior employee **on the Tucson plant site**, on the preferred shift.

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- (2) Such shift request will be honored when an opening occurs on the preferred shift in any department.
- (3) Shift **transfer requests for employees with less than one (1) year of seniority will not be honored.**
- (b) In the event a shift change is involved when filling an opening, and there are shift change requests on file, the more senior of either the employee with the shift change request or the employee filling the opening shall be transferred to the preferred shift.
- (c) When openings occur and no written requests are of record, the least senior employees in the **classification** within the **cost center(s)/ department** will be transferred to such available openings.
- (d) If a new shift is to be started in a cost center, and no written requests are of record, employees shall be transferred on a voluntary basis commencing with the most senior. In the event the required number of employees is not obtained on a voluntary basis, then the employees with the least seniority shall be transferred.
- (e) New hires and rehires may be assigned during the probationary period to the shift which provides the best opportunity from a facilities, equipment, and orientation capability standpoint, to accomplish their orientation. This assignment would not affect those written requests for shift preference already on record.
- (f) If the deletion of an entire **classification** is to occur on a shift, employees shall be transferred on a voluntary basis commencing with the most senior to the openings that currently exist. In the event the required number of employees is not obtained on a voluntary basis, then the employees with written shift requests on record shall be transferred in seniority order. Any remaining employees shall be transferred to the openings that currently exist.

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2. It is agreed that when work operations new to a shift are started, **or employees who possess specialized qualifications are required**, it may be necessary, on a temporary basis that senior and more experienced employees be on each shift. If it requires more senior employees to transfer due to the need for their qualifications, such employees **shall be transferred on a voluntary basis** in seniority order. In the event the required number of employees is not obtained on a voluntary basis, then the employees with the least seniority shall be transferred. Such transfers **should not exceed ninety (90) calendar days. Extensions will be granted after mutual agreement from the Chief Steward.** Employees transferred shall be returned to shift of origin upon termination of need for such transfer, seniority permitting.

SECTION I. Information Furnished to the Union

1. The Employer will furnish to the Union **Directing Business Representative** and chief stewards, within seven (7) to thirty (30) calendar days after the effective date of this agreement and weekly thereafter whenever possible ~~but in~~ no event later than each three (3) months thereafter, a master seniority list of all employees within the bargaining unit. Such list shall be by **classification** on a plant-wide basis and include employee name, payroll number, department number, ~~shift, hire date,~~ seniority date, **job code**, and Base Rate of pay **including premiums (working rate)**.

2. The Employer will ~~furnish weekly,~~ to the Union **Directing Business Representative** and chief stewards:

- (a) A list **of** all starts (new, rehire, and recall), reclassifications, documented transfers (into, out of, and within the bargaining unit), and terminations (whether discharge, layoff, or resignation). Such weekly lists shall also include employee name, payroll number, department, shift, seniority date, **job code**, and Base Rate of pay and working status and combinations thereof, e.g., steward, working leader, CEP instructor.
- (b) Home address of bargaining unit employees.
- (c) Bargaining unit recipients of monetary awards processed through the payroll system.
- (d) A list of departments and cost centers along with program name and classification.

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SECTION J. Termination Notices

In discharge terminations the employee shall be given a copy of the termination **notice**, which shall give the reason for termination.

SECTION K. Physical Disability

1. No employee shall be terminated because of having suffered an industrial injury or industrial illness. An employee who has been wholly or partially incapacitated from his regular job by reason of having suffered an illness or injury, will, while so incapacitated, be employed in other work which he can do. If such disability is temporary only (not to exceed ninety (90) calendar days), such as will permit him to return to and perform duties of his former **classification**, he shall retain and accumulate seniority in his former **classification**. If the nature of his disability is permanent, such as will not permit him to return to and perform the duties of his **classification**, the provisions of paragraph 2 below shall become applicable to such employee.

2. In the event an employee, while on the active payroll, suffers a personal illness or injury, or other physical handicap that results in the employee becoming permanently incapacitated from his regular **classification**, such employee shall be entitled to exercise displacement privileges provided in Section G, paragraph 2 (**Reduction in Force**) of this Article, as though he were in fact subject to layoff. In the event there is no **classification** the employee is qualified to displace into after exercising the displacement privileges provided above, he shall be placed on a leave of absence for a period that need not be in excess of two (2) years for leaves of absence for medical or industrial illness or injury granted by the Company. During this period of leave, the Company will pay the employee's medical and dental premiums for the first twelve (12) months and the employee will pay the active employee rate for these coverage's for the second twelve (12) months. At the conclusion of 24 months of continuous absence, the employee will be administratively separated from employment and become eligible for continuing coverage pursuant to COBRA requirements at the COBRA rates.

In the case of an industrial illness or injury, should the employee's physical condition improve within the third year of the industrial disability to the extent that will permit him to perform the duties of his former **classification** or another **classification** to which he is certified, he shall be reinstated with full rights, provided that he has sufficient seniority to hold within the **classification**. In the event such employee's

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physical condition improves to the extent that will permit him to perform the duties of his former **classification** or another **classification**, he shall be returned to such former **classification** or such other **classification**, the duties of which he is capable of performing, in line with his seniority.

3. In the event it is identified at time of recall that an employee has a personal illness or injury or physical handicap that results in the employee being permanently incapacitated from his regular **classification**, such employee shall be entitled to exercise the displacement privileges provided in Section G, paragraph 2 (Layoff) of this Article, as though he were in fact subject to layoff. If the recalled employee cannot return to his regular **classification** or **reclassify** into another **classification** because of a temporary correctable physical problem, he will be kept on layoff status and covered with hospitalization, surgical, major medical and weekly disability benefits if necessary only for that temporary correctable physical problem.

SECTION L. Temporary Replacements

Should the Employer find it necessary to replace an employee absent on authorized **PTO** or leave of absence, such replacement will take place by recall/**reclassification** or promotion, **unless a flexible assignment is made**. No employee will be transferred to such opening if any other employee has recall rights to that **classification**. Employees on layoff from the plant with recall rights to such **classification** may decline to accept such temporary recall without jeopardizing their seniority rights. If an employee is promoted to such opening, it will be on a temporary basis only. In no event will the absent employee be prevented from returning to his **classification** after **PTO** or leave of absence due to the application of this paragraph.

SECTION M. Employee Change of Status

When an employee's status changes, a form shall be given to the employee which clearly indicate the change(s).

SECTION N. Flexible Assignment

1. It is recognized that situations may occur in which employees must be assigned to work other than that required by their normally assigned **classification**.

2. Such assignment shall not **normally** exceed forty-five (45) working days per situation for **classifications** where there are more senior employees on layoff subject to recall **or more senior employees on the promotion list**.

ARTICLE V

3. Should an employee be flexibly assigned to a **classification**, the Area Steward shall be notified at the time of assignment, or in any event, no later than the end of that workday.

4. It is the Employer's responsibility to maintain an open dialogue with the Union so as not to jeopardize the seniority rights of laid off employees or to effect a reduction in force of active employees.

5. For employees flexibly assigned into a classification for which they are not certified, the assignment will not exceed forty-five (45) working days when there are more senior employees on layoff subject to recall, or for employees with more seniority on the promotion list. The employee will not gain certification rights to this classification based on this assignment.

6. Employees being flexibly assigned into a classification for which they are not compensated will receive their current base rate or the minimum of the classification to which they are flexed, whichever is higher.

ARTICLE VI

CAREER ENRICHMENT PROGRAM

The parties are committed to the vision of the Career Enrichment Program and jointly commit to strengthen the CEP process during the term of this agreement. The CEP vision states: "The Career Enrichment Program is to create a Company-Union partnership, based on trust, dedicated to providing greater job security by developing a well educated and capable workforce, responsive to our competitive business environment."

A CEP Committee **will be** established for the term of this agreement to maintain the commitment and continued success of the program. This committee shall oversee and direct the goals, processes and guidelines of the Career Enrichment Program and **may** make **recommendations for** future modifications to this living document **to be presented to the combined Union/Company negotiating committees for approval.**

They will be responsible for **determining and recommending educational requirements for state approved apprenticeship programs, in-house apprenticeship-like programs, OJT oversight through instructors, job descriptions/certifications and evaluating new equipment.**

SECTION A. CEP Committee

The Career Enrichment Program (CEP) Committee **will be** composed of **five (5) represented employees** selected by the Union and salaried employees selected by the Employer.

SECTION B. Hourly Instructor

1. Definition

- (a) Instructors facilitate on-the-job training within a **classification and area from which elected.** Each instructor shall assist in training employees within his **classification** in the tasks to which he is assigned. Instruction shall be in the forms of practical demonstration of shop floor requirements as well as classroom training when associated with shop floor requirements.
- (b) Nominees for instructor shall possess a qualified level of skill in the tasks to which they will be assigned as instructor. Nominees must also possess certification in the **classification** in which they will be assigned. Nominees must be presently

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assigned in the same **area** in which they will be assigned.

- (c) In the event an elected instructor is unavailable to instruct within a **classification**, a Subject Matter Expert (SME) shall be appointed by **area management following consultation with the CEP committee member responsible for instructors**, to function as an instructor until a suitable instructor can be obtained. Subject Matter Experts shall be entitled to the same compensation as an instructor, per Article IV, Section C, paragraph 1(b).

2. Procedure

The following procedure shall be utilized when filling an opening for Instructor:

- (a) All qualified employees as defined in paragraph 1(b) above, who wish to be considered for instructor shall place their names on the posted nominee ballot for the desired **classification**. The nominee ballot shall remain posted for five (5) consecutive working days. The employees presently assigned in the **classification** in which the instructor is required shall elect an instructor from the qualified nominees.
- (b) The **CEP committee and area management** shall screen the nominees for eligibility and shall announce and establish the time for election.
- (c) The instructor(s) for each **classification** shall be elected for a **two (2) year term** by the employees presently assigned to the **area/classification**. Instructors may hold successive terms. The **CEP committee** shall conduct and verify the voting procedure. The names of elected instructors shall be forwarded to the **Labor Relations** department for record retention.

3. Performance Review

- (a) Instructors must successfully pass instructor training certification. Training certification shall involve the correct application of the techniques and methods used for effective

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instruction. All training shall be conducted in-house during the Instructor's normally assigned shift, except where modification of the shift assignment would facilitate training, by mutual agreement between the Employer and the Union.

- (b) The instructor's performance shall be evaluated by the **CEP committee and area management** with input from the employees he has trained. The **CEP committee** shall recommend corrective performance measures when necessary.
- (c) **Area management and the CEP committee will use the evaluation to determine whether disqualification for unsatisfactory performance is warranted.**
- (d) An instructor who has been disqualified shall not be considered for re-election until such time as he has been reapproved by the **CEP Committee**, such time not to be less than one (1) year from date of disqualification.

ARTICLE VII

HOLIDAYS

SECTION A. Recognized Holidays

The following is the Holiday schedule for eligible employees for the period covered by this Collective Bargaining Agreement.

2003

Thursday, November 27, 2003 - Thanksgiving Day
Friday, November 28, 2003
Wednesday, December 24, 2003
Thursday, December 25, 2003 - Christmas Day
Friday, December 26, 2003
Monday, December 29, 2003
Tuesday, December 30, 2003
Wednesday, December 31, 2003

2004

Thursday, January 1, 2004 - New Years Day
Monday, May 31, 2004 - Memorial Day
Monday, July 5, 2004 - Independence Day
Monday, September 6, 2004 - Labor Day
Thursday, November 25, 2004 - Thanksgiving Day
Friday, November 26, 2004
Friday, December 24, 2004
Monday, December 27, 2004
Tuesday, December 28, 2004
Wednesday, December 29, 2004
Thursday, December 30, 2004
Friday, December 31, 2004

2005

Monday, January 3, 2005 - New Years Day
Monday, May 30, 2005 - Memorial Day
Monday, July 4, 2005 - Independence Day
Tuesday, July 5, 2005
Monday, September 5, 2005 - Labor Day
Thursday, November 24, 2005 - Thanksgiving Day
Friday, November 25, 2005
Monday, December 26, 2005
Tuesday, December 27, 2005
Wednesday, December 28, 2005
Thursday, December 29, 2005
Friday, December 30, 2005

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2006

Monday, January 2, 2006 - New Years Day
Monday, May 29, 2006 - Memorial Day
Monday, July 3, 2006
Tuesday, July 4, 2006 - Independence Day
Monday, September 4, 2006 - Labor Day

SECTION B. Holiday Pay

1. Eligibility For

Each employee on the payroll on a holiday shall receive one day's pay, computed by multiplying such employee's normally scheduled hours of work (e.g., eight (8) for day and swing shifts, six and one-half (6-1/2) for the graveyard shift) times his working rate in effect on the holiday, provided he has worked the full shift on the regularly scheduled workday immediately preceding or following the holiday, or was absent for any one of the following reasons:

- (a) Was sent home because of lack of work, or by the Employer's Medical Dispensary on the regularly scheduled workday immediately preceding or following the holiday;
- (b) Death in his immediate family (spouse, parent, (parent includes any person who raised you) parent of spouse, child, brother, brother of spouse, sister, sister of spouse, stepparent, stepparent of spouse, stepchild, stepbrother, stepsister, grandchild, grandparents or grandparents of spouse);
- (c) On Personal Time Off (PTO);
- (d) On leave due to an industrial accident or illness, limited to the first sixty (60) working days of such leave;
- (e) On jury duty as outlined in Article IV of this Agreement;
- (f) On paid witness leave as outlined in Article IV of this Agreement.

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2. Holiday During Personal Time Off (PTO)

When a **recognized paid holiday** occurs during an employee's **scheduled PTO** period, the **employee will receive holiday pay and will not be charged with a PTO day.**

3. Laid Off Employees

An employee who is laid off on the last day before a holiday or is laid off during the workweek in which one of the above holidays occurs, shall be considered as on the payroll on the holiday and entitled to holiday pay as provided in paragraph 1 of this Section B, provided he has worked at least the equivalent of one full regular shift during such workweek.

SECTION C. Pay for Holiday Work

1. Employees required to work on any of the above holidays shall receive eight (8) hours' holiday pay plus double time for a period of time equal to his regularly scheduled shift hours or for the hours actually worked, whichever is greater.

2. Employees may request to work fewer than eight (8) hours on any holiday with the understanding that they will only be compensated for actual hours worked at double time, plus holiday pay.

3. When an employee works into the holiday as an extension of his shift on the workday preceding the holiday, time worked within the holiday period defined in Section D below as an extension of such shift, will be paid at double time as specified in Article III, Section C, paragraph 2(b) of this Agreement, and such payment will not be deducted from the employee's holiday pay granted under Section B above.

SECTION D. Definition of Holiday

For the purpose of computing double time or time off, a holiday for day and swing shift employees shall be a twenty-four (24) hour period commencing at the end of the regular swing shift of the workday preceding the holiday. For graveyard employees a holiday shall be a twenty-four (24) hour period commencing at the start of such employee's regular shift on the holiday.

ARTICLE VIII

PERSONAL TIME OFF PROGRAM (PTO)

The Personal Time Off Program (PTO) is a bank of days that employees can use for any reason **which requires them to be off work**. PTO offers employees flexibility to balance work and personal life needs.

SECTION A. PTO Advanced and Earned

1. Active Employees will be advanced PTO on January 1 of each year. All other employees **and new hires** will be advanced pro-rated PTO on their employment start date or upon return from leave of absence if not previously advanced PTO during that year. Active employees earn PTO on a pro-rata basis throughout the year. To earn PTO, an employee must work at least one day in the month to receive credit for that month.

2. The number of PTO days an employee will receive in any year will be based on the number of years of service attained in that year. The following chart outlines, by years of service, the Annual PTO Allotment and the Maximum PTO balance (including maximum 5 day annual carryover).

Completed Years Of Service	Annual PTO Days Advanced on January 1, Subject to Annual Maximum	Annual Maximum PTO Balance in Days/Hours Beginning 1/1/2001
0-4	15 Days/120 Hours	20 Days/160 Hours
5 through 9	20 Days/160 Hours	25 Days/200 Hours
10 through 14	22 Days/176 Hours	27 Days/216 Hours
15+	25 Days/200 Hours	30 Days/240 Hours

3. Employees may carry over up to 5 days of earned PTO into the following year as long as the PTO balance for the new year does not exceed the maximum number of PTO days as listed in the table above.

4. An employee who is reclassified to a salaried position shall have the unused hourly PTO balance transferred on the date of reclassification.

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SECTION B. Scheduling of Paid Time Off (PTO)

1. Subject to production requirements **and with your supervisor's permission**, PTO's will be granted by the department at the time requested by employees. If two or more employees request their PTO covering the same period, seniority shall govern in the event the department is unable to grant all requests at that time and the requests have been made at least sixty (60) calendar days in advance of the desired **PTO** time.

2. Employees making their requests less than sixty (60) calendar days in advance of the desired PTO time shall receive preference in the order of their requests subject to production requirements and PTO's already scheduled for other employees.

3. The full PTO week shall run from Monday through Sunday. Employees will not be asked to work the Saturday and Sunday immediately preceding the Monday on which their full-week of PTO commences. However, they may volunteer for such work if they wish.

4. PTO may be taken on any day(s) of the workweek provided it has been scheduled in advance and approved by supervision. **PTO can be used in one (1) hour increments with amounts in excess of one hour may be taken in increments of tenths of one hour.**

5. An employee may not take PTO at the time he is involved in a reduction in force unless such PTO had been requested at least sixty (60) calendar days prior to such reduction in force and had been scheduled to be taken at that specific time or during a period of thirty (30) working days thereafter. In such event, employee's PTO will be changed only with the employee's concurrence.

6. PTO is scheduled by departments and by **classifications** therein. Therefore, should an employee change departments and/or **classifications** due to recall, promotion, shift transfer, or reduction in force, his PTO request must be re-approved **by the supervision of** the new department and/or **classification**, except as provided in paragraph 5 above.

7. Every effort will be made **by supervision** to advise employees of approval or disapproval of their PTO requests within two (2) weeks after receipt.

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SECTION C. PTO Pay Computation and Time of Payment

1. Pay for each week of PTO shall be computed on the basis of forty (40) times (thirty-two and one-half (32-1/2) times in the case of graveyard shift employees) an employee's highest working rate in effect during the workweek immediately preceding the Monday of the workweek in which his PTO starts.

2. Pay for each day of PTO shall be computed on the basis of eight (8) times (six and one-half (6-1/2) times in the case of graveyard shift employees) an employee's highest working rate in effect during the workweek immediately preceding the Monday of the workweek in which his PTO starts **or is taken**.

3. **Payment of PTO is at the pay rate in effect during the week in which the PTO is taken.**

4. When a recognized paid holiday occurs during an employee's scheduled PTO period, the employee will receive holiday pay and will not be charged with a PTO day.

5. PTO advanced to employees is earned on a pro-rata basis throughout the year. In the event that an employee terminates or is discharged during the year with an earned, but unused, current and/or legacy PTO balance, such balance will be paid in the last paycheck using their base rate of pay as of the date of termination. If an employee has taken more advanced PTO than was earned for that year, the difference will be subtracted from the employee's final paycheck, subject to the following exceptions:

(a) Employee is laid off due to lack of work. **If recalled, the negative balance will be reinstated.**

(b) Employee becomes deceased.

6. Employees may not buy or sell PTO days except for PTO days used during an approved disability. PTO days that have been used during an approved disability can be bought back in accordance with the Disability Program.

7. An employee is eligible for PTO benefits each January 1 or upon hire. However, benefits accrued while the employee is absent on any paid or unpaid basis may not be granted or taken until after the employee returns to work. Employees may not take PTO days in excess of their PTO balance.

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8. When an employee terminates, payment is made for all earned PTO hours not taken as of the last day worked. Employees will receive payment for a prorated PTO benefit based on months of credited service since the beginning of the year.

SECTION D. Family Medical Leave Act and PTO

Employees who are approved for FMLA leave will use all earned PTO (excluding Legacy and carryover PTO) concurrently with their approved FMLA leave.

SECTION E. Miscellaneous PTO Items

1. Extended Paid Time Off (EPTO) Usage

Beginning January 2000, an employee's EPTO balance may only be used to provide "Plus" STD benefits (100% of pay) for the same number of days represented by the EPTO balance. This provision will be the exclusive method of using EPTO balances. When the EPTO balance is exhausted, the STD benefit will reduce to the "Basic" STD level of 75%. An employee, who exhausts EPTO during a period of leave, will have 30 days from his return to work date to enroll in STD "Plus" without a requirement to submit evidence of good health.

SECTION F. Adjustment of Anniversary Date

Effective January 1, 2000 there will be no adjustment to an employee's anniversary date due to leaves of absence up to a maximum of twenty-four (24) months.

SECTION G. Legacy PTO

1. PTO accrued through December 31, 1999 will be placed into a legacy carryover account that, if left unused, will carryover from year to year and will be separate from the new PTO Maximum Balance referenced in Section A of this Article.

2. PTO from the new plan, advanced each January, must be completely used before any PTO is drawn from the legacy carryover balance.

3. When legacy PTO is used, it will be paid at the employee's base rate of pay at the time this legacy PTO is used.

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SECTION H. Personal Unpaid Leave (PUL)

Effective January 1, 2004 and again on January 1, 2005, Personal Unpaid Leave, to a maximum of five (5) days each of **these** calendar years, **will** be granted. **PUL days are eliminated effective January 1, 2006.** These unpaid leave days may be taken for any reason, even if the employee has PTO days available. Leave must be taken in full day increments and are subject to supervisor's approval. Scheduled absences require advance notice to supervision.

ARTICLE IX

LEAVE OF ABSENCE

SECTION A. Medical Leave, Industrial Leave of Absence, and Personal Leave

1. It is recognized that there are occasions when an employee is unable to report to work due to circumstances beyond his control, or must be excused from work for a specified period due to pressing personal problems. The Employer will make every effort to cooperate with employees in such situations to make available the time needed consistent with the availability of other employees, fairness to all employees, and scheduling and production requirements.

2. Except in instances of emergency, requests for leaves of absence should be submitted to the employee's immediate supervisor, in writing, at least five (5) workdays preceding the intended commencement date of such leave. Leaves of absence will be granted for good and sufficient reasons, documented as necessary, included in which, but not necessarily limited to, are personal illness, urgent personal affairs, and serious illness or death in the family.

3. Medical Leave of Absence (Employee Only)

Medical leaves of absence for the employee's personal illness or injury which requires the employee to be off work may be covered by the short term disability (STD) program. Approval of the employee's STD claim will be considered a valid and approved medical leave of absence. Employees who do not qualify for Short Term Disability (STD), who are determined to be unable to perform their job by the Company medical doctor or a doctor designated by the Company, may be given a medical leave of absence.

4. Industrial Injury/Illness Leave of Absence (Employee Only)

Industrial injury/illness leave of absence may be covered by Workers Compensation Insurance Program pursuant to Arizona statute. Approval of the employee's Workers Compensation claim will be considered a valid and approved industrial injury leave of absence.

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5. Benefits While on Approved Medical/Industrial Leave of Absence

For employees on approved medical or industrial injury/illness leave of absence, the Company will pay the full cost of the employee's elected medical and dental premiums for the first twelve (12) months and the employee will pay the active employee premium rate for this coverage for the second twelve (12) months.

6. Personal Leave of Absence

- (a) At the discretion of the Company, based on production needs, employees may be granted an initial Personal Leave of Absence not to exceed 30 calendar days. Extensions of this initial leave may be granted for thirty (30) day periods provided there are good and sufficient reasons, acceptable to the Company and documented as necessary. Any request for extension of a leave must be submitted and approved at least five (5) working days prior to the expiration of the current personal leave.
- (b) Employees must use all earned PTO (excluding legacy PTO) before consideration will be given for personal unpaid leave of absence.
- (c) Employees granted a personal leave of absence in excess of ten (10) calendar days will be offered the opportunity to continue their medical/dental coverage by paying current COBRA rates.

SECTION B. General - Leave of Absence Information

1. Seniority to Accumulate While on Leave. The seniority of employees on leaves of absence shall continue to accumulate except as specifically provided for elsewhere in this Agreement.

2. Any leave of absence that qualifies under FMLA will be counted against the FMLA guideline.

3. An employee who is frequently absent from work due to personal illness or injury, may be placed on a medical leave of absence until the employee has recovered sufficiently so as to return to and perform his job with satisfactory attendance, provided that no such leave of absence need be granted by the Employer for more than thirty (30) calendar days. An extension of thirty (30) additional days may be granted.

ARTICLE IX

4. Administrative Separation from the Company. At the conclusion of twenty-four (24) months of continuous absence on approved medical or industrial injury/illness leave of absence, the employee will be administratively separated from employment.

5. Return Prior to Expiration of Leave. An employee on a leave of absence for five (5) or more consecutive regular working days who intends to return to work prior to the expiration of such leave, shall notify the supervisor or department manager prior to such intended return to work at least twenty-four (24) hours prior to such return. **This notification will be made by employees during normal business hours, Monday through Friday.**

6. Failure to Return or Report From Leave. An employee who fails to return to work upon the expiration of an approved leave of absence without good and sufficient reason acceptable to the Company shall be considered to have terminated employment.

7. Other Employment While on Leave Prohibited. No employee shall be granted a leave of absence for the purpose of accepting other employment. If an employee takes a job elsewhere during an approved leave of absence, he will be considered as having terminated his employment.

8. Effect of Misrepresentation. Requests for an approval of leaves of absence must be based on good faith. An employee who has misrepresented the reason for requesting and receiving a leave of absence may be terminated.

9. Family and Medical Leave (FMLA) will be administered in accordance with Federal Law.

ARTICLE X

SAFETY

SECTION A. Safety Policy

It is the desire of the parties to this agreement to maintain high standards for safety in the plants of the Employer, in order to eliminate industrial accidents and illnesses.

All employees must immediately report all work-related injuries to medical and supervision.

SECTION B. Safety Devices, Clothing and Glasses

1. Adequate safety devices, including protective clothing, shall be provided by the Employer, and when such items are furnished, it shall be mandatory for employees to use them.

2. When the wearing of safety glasses is required by the Employer, such glasses shall be furnished by the Employer. The Employer shall **also** furnish, without charge to employees, prescription safety glasses made to the employee's furnished prescription; such prescription to have been prescribed within a year. The Employer will repair or replace safety glasses which are damaged or destroyed in the course of employment, and will furnish new safety glasses upon presentation by an employee of a new or changed prescription. Prescriptions shall be prescribed by a person duly licensed and authorized by law to make eye examinations and issue such prescriptions.

3. Personal and environmental monitoring devices are necessary to evaluate environmental conditions on plant site. Employees are required to wear these devices as instructed when environmental sampling is warranted. The Company will share with the Union the results of such monitoring upon their request.

SECTION C. Plant Safety Inspection

1. The **Directing Business Representative or his designated representative** will meet on a monthly basis with the Manager of Environmental Health & Safety (EHS) for the purpose of review and discussion of existing complaints and/or safety violations and the Employer's Safety Program.

2. Environmental Health & Safety (EHS) will furnish copies of **all known incident investigation reports (first aid, OSHA recordable, hardware and near misses)** for all cases which involve a **bargaining unit** employee. **The Employer will consult with the area steward in all investigations of lost time accidents** occurring in his or her area of jurisdiction.

ARTICLE X

3. The Employer shall make available Safety Report Forms for the purpose of reporting needed corrections relative to **environmental, health or safety** conditions. Employees should complete and submit the Form to their immediate supervisor. The supervisor will forward a copy of the Safety Report Form to Environmental Health & Safety (EHS) Management who shall investigate such reports, **which have not been resolved to the satisfaction of the employee**, and make recommendations regarding corrective action necessary. EHS shall forward a copy of the Safety Report Form and recommendations to the **Directing Business Representative or his designated representative**.

4. An employee or his steward who believes the employee's job is not safe, or might unduly endanger his health, shall report the **unsafe** condition to his immediate supervisor **on a Safety Report Form**. The supervisor will **evaluate the condition and identify appropriate corrective actions**, consulting with the necessary support personnel. The supervisor will inform the concerned employee of his/her action to address the condition within three (3) working days of when the employee's claim was made to supervision. This will be noted on the Safety Report Form. The Safety Report Form will then be forwarded to Environmental Health & Safety (EHS) Management. Should the issue not be resolved to the satisfaction of the concerned employee, EHS will review the conditions and provide additional recommendations. EHS will forward a copy to the **Directing Business Representative or his designated representative within three (3) working days of receipt**. No employee shall be discharged or disciplined for refusing to work on a job if his refusal is based on the claim that said job is not safe, or might unduly endanger his health. Pending such determination, such employee shall be assigned to other available comparable work, which he is qualified to perform. When it has been determined that the job is or has been made safe, the employee shall be returned to such job.

5. The determination required in paragraph 4 of this Section, shall be made on the submitted Safety Report Form by the Environmental Health & Safety (EHS) and a copy of such will be forwarded to the **Directing Business Representative or his designated representative**. The reason for the determination, including the corrections to be made, if any, will be placed on the submitted Safety Report Form within three (3) working days after the **receipt of the report by EHS**. In the event the employee and/or the **Directing Business Representative** do not agree with such determination, the employee and/or **Directing Business Representative** shall contact Environmental Health & Safety (EHS) Management for further evaluation and determination. If the employee and/or **Directing Business Representative** do not agree

ARTICLE X

with the determination, then such determination shall be made by a person appointed by the Industrial Commission of the State of Arizona.

SECTION D. No Employee to Work Alone

No employee shall be required or permitted to work alone in any department or in any area, which is beyond the call or observation of other workers unless mutually agreed upon by the Company and Union. **In all cases when an employee is required to work alone it is management's responsibility to verify the employee's well being every two (2) hours and at the end of a shift.**

SECTION E. Consecutive Shift Restriction

No employee shall normally be asked to work overtime for a full shift if such work would require the employee to work consecutive shifts; unless such work is beyond the reasonable control of the Employer and involves facility/equipment emergencies that have a direct impact on production operations, or involves a military request from the customer.

SECTION F. Classification Physical Requirements

The Company has suspended the use of classification physical requirements. Management reserves the right to re-implement classification physical requirements, and if re-implemented, the Employer will submit to the Union the physical requirements established by the Employer for each classification and will keep the Union advised of any changes thereto. The determination and application of such physical requirements shall be based on reasonableness and practicability.

ARTICLE XI

UNION REPRESENTATION

SECTION A. Union Stewards

1. Who is Recognized as Such

The Union shall be entitled to be represented by chief stewards, alternate chief stewards, stewards and alternate stewards who shall have such duties, rights and privileges as are provided for in this agreement.

2. Notification by Union of Representatives

The Union shall notify the Employer, in writing, of the chief stewards, alternate chief stewards, stewards and alternate stewards who are authorized to represent the Union.

3. Stewards Shall be Full-Time Employees

An employee representing the Union as steward, chief steward, or alternate shall be a full-time employee of the Employer and shall have completed probation preceding his selection by the Union as such representative. He shall be responsible for such full-time work on his part, except when performing his duties as representative.

SECTION B. Rules Pertaining to Stewards

1. Each steward shall report to, and upon request, be granted permission from his immediate supervisor, or designated representative, to leave his work to perform functions of Union representative, and shall also report upon returning to his work.

(a) When a problem involves a supervisor in another area of the steward's jurisdiction, the steward shall advise his supervisor of the area concerned and grievance number(s), if any.

(b) Stewards will advise the supervisor involved as to the nature of the problem, the employees affected and grievance number(s), if any.

2. Time Off the Job

Time off the job to conduct Union representation activities will be granted in such a manner as will not unreasonably interfere with production. Such time granted will be without loss of pay.

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3. Subject to Employer Rules

The Union stewards are subject to the Employer rules and regulations regarding conduct of employees on the Employer's premises, **except as otherwise provided in this agreement.**

SECTION C. Union Stewards

1. Number of Stewards and Alternates

The Union shall be entitled to be represented by stewards in the ratio of one (1) steward for each sixty-five (65) employees in the bargaining classification in a department/**building** by shift (except as otherwise mutually agreed to). A steward's jurisdiction shall include one or more complete cost centers. The Union shall be entitled to an alternate for each steward, but the alternate shall not function as steward except in the absence from the plant of the regular steward.

2. Who Stewards Represent

Stewards shall be selected by the Union from and shall function on behalf of the cost center or groups of cost centers and shifts for which they were certified by the Union as stewards.

SECTION D. Chief Stewards

1. The Union shall be entitled to one (1) full-time chief steward for first shift, who will be company-paid, and shall be selected by the Union. The Union shall be entitled to one chief steward for second and third shift. Chief Stewards assigned to second and third shift are considered working stewards except when performing authorized Union duties.

2. The Union shall be entitled to an alternate for first, second and third shift chief stewards. The alternates for first, second, and third shift shall not function as chief steward, except in the absence from the plant of the regular chief steward. **Upon written request by the Chief Steward to the Director of Labor Relations, Alternate Chief Stewards may be excused from their normal work duties to assist the Chief Steward when conducting steward elections.**

ARTICLE XI

SECTION E. Limitation on Transfer of Stewards

It is recognized that the Employer-Union-employee relationship can best be developed by minimizing the transfer of stewards outside of their respective areas of jurisdiction. Therefore, a steward, including chief stewards, shall not be transferred to another shift or out of his area of jurisdiction unless there is no work being performed in his classification on the shift and in the area in which he functions as steward. If any steward shall be transferred in accordance with the foregoing, he shall automatically cease to be a steward and no longer function as such on behalf of the area of jurisdiction, which he represented prior to the transfer. A steward may be temporarily assigned out of his area of jurisdiction for a period of thirty (30) working days if work in his classification is temporarily not available within his area of jurisdiction. If work in his classification is again available in his area, within such thirty-(30) day period, he will be returned thereto. Otherwise, he will be permanently transferred.

A **Second or Third shift** chief steward is not required to leave his area of jurisdiction by accepting recall to a classification requiring transfer to a different shift. Also, a **Second or Third shift** chief steward may decline recall to a classification until the classification is "regularly" assigned to the shift he is certified to represent.

SECTION F. Duties and Rights of Stewards

In carrying out the following duties, a steward will function within the work area of employees that he represents except as his departure is necessary to attend grievance meetings with supervision or meetings covered **by the following**:

1. To work with the appropriate supervisor toward the resolution of their mutual problems.
2. To investigate a complaint or grievance so that it can be properly presented to the appropriate supervisor for adjustment.
3. When it is necessary for the Union steward to enter a restricted area to investigate a grievance, appropriate accommodations will be made to allow for such investigation.
4. To present to the appropriate supervisor a first step grievance.

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5. To attend first and second step grievance meetings.

SECTION G. Duties and Rights of Chief Stewards

Chief stewards will be released from their jobs upon their request to:

1. Attend second step and general grievance meetings.
2. Consult with supervisors, department management and stewards in the investigation and disposition of second step grievances and general grievances.
3. When it is necessary for the Union chief steward to enter a restricted area to investigate a grievance, appropriate accommodations will be made to allow for such investigation.
4. Consult with the appropriate supervisor and the steward when requested by them to assist in the resolution of their problems short of a second step grievance.
5. File a general grievance with department management and in cases where several department managers are involved a grievance may be filed with the **Labor Relations** department.
6. Consult with **Labor Relations** representatives.
7. Consult with the **Directing Business Representative** and/or Grand Lodge Representative.

SECTION H. Representation During Overtime

If ten (10) or more employees including the steward within a steward's area of jurisdiction are assigned overtime work (including Saturday and Sunday work) during a period when steward representation for such employees is not available within the area of jurisdiction, the regular steward of such area shall be notified of overtime to be worked. If the overtime to be worked is in the steward's classification, he shall be offered such overtime work. If the overtime work is not in the classification of the steward or if he declines the work, the alternate steward will be offered such overtime work if it is within his classification. Should the steward or alternate steward decline representation overtime, as such, they will not be charged. In the interest of achieving the objective of this Section, those stewards having more than one (1) **cost center** within their areas of jurisdiction will check with their immediate supervisor and if

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directed will then check with the supervisors of each cost center on Friday morning to be aware of the overtime schedules.

SECTION I. Business Representatives - Grand Lodge Representatives

The Directing Business Representative and/or Grand Lodge Representative shall have access to the office of the Employer, or his designated representative, who will provide a suitable place to attend and participate in any meeting with Union stewards and/or Employer representatives to discuss grievances and other matters concerning the Employer-Union relationship. In the event it is necessary for **the Directing Business Representative** and/or Grand Lodge Representative to visit plant areas, such representatives shall obtain prior security clearance and be accompanied by an employee designated by the Employer. The Employer will not impose regulations, which would exclude such representatives of the Union from the plant or render ineffective the intent of this provision.

SECTION J. Union Business Leave

1. Election or appointment to a full-time office of the Union that provides direct support of the current Labor Agreement between the parties shall be considered good and sufficient reason for obtaining an unpaid leave of absence (LOA). Such employee or employees shall be given, upon written request from the Secretary of the Union to the Labor Relations department, an unpaid leave of absence for the period of time the employee occupies such office. Such leave will not cause any adjustment in the employee's seniority or anniversary date. While on an approved Union business leave of absence, all Company benefits will cease upon granting of the Union business leave of absence. At the request of the Union, the Company will consider allowing the employee and/or the Union to participate in Medical, Dental and Life Insurance coverage through the Company at the full/current cost to the Company for themselves and their eligible dependents.

Upon the return of an employee who has been granted a leave of absence under this paragraph 1, they shall be re-employed in the same classification in which they were classified immediately prior to their leave of absence, at the current rate of pay, provided their seniority is such that under the provisions governing seniority they are entitled to such classification. If the employee cannot hold in the classification in which they were classified immediately prior to their leave of absence because of seniority, the classification no longer exists, or is not being utilized, they will displace as outlined in Article V.

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2. Employees elected or appointed as Union delegates to state or national conferences, conventions or seminars **or to attend meetings at the Union Hall** will be granted leaves of absence to attend such functions, provided such leaves will be limited to a total of sixty (60) working days accumulated time in one contract year. **Extensions of the sixty (60) day rule for leaves involving Union educational programs will be discussed and approved by the Director of Labor Relations.**

SECTION K. Bulletin Boards

1. The Employer agrees to provide bulletin boards at agreed upon locations for the exclusive use of the Union for posting its notices. All notices shall be signed by an official of the Union and must be approved by the **Labor Relations** office of the Employer and shall be posted by the Employer. Such notices shall be of the following types:

- (a) Union meetings.
- (b) Elections.
- (c) Appointments and results of elections.
- (d) Social, educational, welfare and recreational affairs.
- (e) Such other matters as may be mutually agreed upon.

2. The Union shall not post any material anywhere on the Employer's property except as provided herein. To the extent provided by law, distribution of Union materials shall only be done during authorized non-working time and in non-working areas.

ARTICLE XII

GRIEVANCE AND ARBITRATION PROCEDURE

SECTION A. Purpose

The intent and purpose of this Article is to provide a fair and equitable procedure for the orderly and peaceful settlement of all complaints and grievances between the Employer and employees within the bargaining unit and/or the Union. Therefore, when a complaint or grievance arises, an earnest effort shall be made to settle the matter promptly on the same shift as the employee(s) and steward(s) involved, in accordance with the following procedure.

SECTION B. Procedure

1. The supervisor and the steward are fully authorized and are expected to make every effort to resolve all complaints (including those, which potentially would be processed as general grievances) within the terms and provisions of the agreement prior to the filing of a grievance. Failing in this, and within thirty (30) calendar days, or as otherwise provided in Section C hereof, after the occurrence of the event(s) on which the complaint is based, with respect to the employees' rates of pay, wages, hours, and other conditions of employment, including the interpretation, application, violation or alleged violation of any of the terms and provisions of this agreement, the aggrieved employee and/or the steward may proceed as follows:

STEP ONE: Present an oral grievance to the supervisor and explain why the prior efforts of the supervisor to resolve the problem were unsatisfactory. The employee and/or steward will clarify the remedy or corrective action requested. The supervisor will explore any remaining facets of the grievance with the employee and/or steward and give the answer immediately if possible, or in no event later than one (1) working day after such meeting.

If the supervisor's first step answer is not acceptable and the grievance is to be processed to the second step, the employee and/or steward will, within two (2) working days following the first step answer, return to the supervisor with the written second step grievance and explain the unsatisfactory aspects of the answer. Such written grievance shall include a statement of the facts upon which it is based, the remedy requested, and the signature of the employee, when available, and/or his steward.

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STEP TWO: Within five (5) working days after presentation of the written grievance, the department manager, or designated representative, shall meet with the chief steward to settle the grievance. At the request of either party, the supervisor involved, the steward, the aggrieved employee, a **Labor Relations** representative, the **Directing Business Representative** and/or a Grand Lodge Representative, may be present.

The written decision of the department manager setting forth the Employer's position and the reasons therefore shall be given to the chief steward within five (5) working days after the second step meeting.

If the decision is not acceptable, the chief steward may, within two (2) working days, return the grievance to the department manager in order to discuss fully the reasons for rejection. If the grievance cannot be settled in this discussion, the **Directing Business Representative** may process the grievance to the Pre-Arbitration Step. Notification of such action must be made to the Company within 10 working days.

PRE-ARBITRATION STEP

Within ten (10) working days after the written decision of the department manager is given, a Committee of active employees consisting of two (2) members of Management, one of which will be the Labor Relations Manager or designee, the **Directing Business Representative** and two (2) Union Negotiating Committee members (first, if available, those who negotiated the current agreement, and if not, those who negotiated the prior agreement) will meet in an effort to resolve the grievance. Authorized time off the job shall be paid by the Company for active employees named above, excluding the **Directing Business Representative**.

The Committee will review and evaluate the facts submitted and make every effort to resolve the grievance. The Company shall give its written disposition by letter, within ten (10) working days from the date of such hearing. Unresolved grievances may be referred to arbitration in accordance with the provisions of Section D (Arbitration).

2. Witnesses

Either party hereto shall be entitled to have employee witnesses called in, during all steps of the foregoing procedure, without loss of regular shift pay (if any is involved) to help determine the facts pertinent to the grievance

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or dispute. Any such witness so called in shall be paid only for the time spent as a witness during his regularly assigned shift hours. Not more than one such witness may be called in at one time, unless agreed otherwise by the parties.

3. (a) Any complaints involving three (3) or more employees represented by more than one (1) steward, not resolved by the parties, will be considered as a general grievance and shall first be discussed by the chief steward with the department manager, or designated representative, in an attempt to settle the matter. If the complaint is not settled, it may be reduced to writing, including the information required on all Step Two Grievances above, other than an employee's signature, by the chief steward, presented to the department manager, and subsequently processed as prescribed in Step Two above.
- (b) Any complaint involving an improper disqualification for promotion or displacement or one involving an improper layoff or recall, not resolved by the parties shall be reduced to writing, including the information required on all Step Two grievances above, presented to the supervisor by the steward, and subsequently processed as prescribed in Step Two above.

SECTION C. Time Within Which to File Grievances

1. No matter shall be considered as a grievance or dispute unless it is presented according to the procedure outlined in Section B above within thirty (30) calendar days after the occurrence of the event(s) on which the grievance is based. In the event there are errors in the submission of information required of the Employer which prevented the employee or the Union from knowing that grounds existed for a grievance prior to the expiration of the thirty (30) day period, then in such instance the grievance must be filed within thirty (30) calendar days after the corrected information is furnished to the Union. However, in any event, the extension of time to process grievances under this paragraph shall not exceed a total of ninety (90) calendar days from the date of the act or omission on which the grievance is based.

ARTICLE XII

2. Grievances or disputes regarding alleged improper disciplinary layoff/suspension or discharge must be filed in writing in Step Two within five (5) working days after such layoff/suspension or discharge.

- (a) No employee shall be given a disciplinary layoff or be discharged until his steward and/or chief steward has been notified of the contemplated layoff or discharge and the employee given an opportunity to talk with his steward and/or chief steward.
- (b) Any suspended employee will be entitled to have a Union steward present when he is given the reason for such suspension. Such steward will be the most available in-plant Union representative.

SECTION D. Arbitration

1. Request for Arbitration

If the grievance cannot be settled in the pre-arbitration step, the **Directing Business Representative** may process the grievance to Arbitration. Notification of such action must be made to the Company within 20 working days.

Only grievances arising out of the interpretation or application of any of the terms of this agreement, which have been processed according to Section B above, and not settled, may be submitted to arbitration.

2. Submission to Arbitration

Within three (3) working days after a grievance has been certified to arbitration by either party to this agreement, a representative of each party shall meet and by mutual agreement select an Arbitrator. If the representatives fail to agree upon an Arbitrator, they shall jointly request the Federal Mediation and Conciliation Service to submit a list of seven (7) persons qualified to act as such Arbitrator. Upon receipt of said list, the representatives will attempt to select one of the seven (7) persons satisfactory to both. Failing to agree, they shall alternately strike one name from the list (the right to strike the first name having been determined by lot) until only one name remains and that person shall thereupon be accepted as the Arbitrator.

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3. Arbitration Rules and Procedures

- (a) Hearing and Decision: The Arbitrator shall hold a hearing on the issue(s) involved, and shall render his decision and reason(s) therefore in writing within thirty (30) calendar days after receipt of final briefs, if any. The decision of the Arbitrator shall be final and binding upon the parties.
- (b) Expedited Arbitration: A separate procedure is established for the processing of grievances concerning layoff, recall, discharge, or other mutually agreed upon issues. If a grievance is not resolved in accordance with the grievance procedure, the parties shall submit the grievance to expedited arbitration. The parties shall select an arbitrator in accordance with the procedure described in Section D(2), until one name remains. Should that arbitrator not have a date within ninety (90) calendar days, the parties shall then go to the next last name struck from the list, not to exceed the last 2 names struck, until an arbitrator is scheduled to hear the grievance within 90 calendar days of selection. Should an arbitrator not be available from the list, a new panel of arbitrators shall be requested.
- (c) The parties agree to include for resolution in the expedited arbitration process any unresolved grievances filed by the grievant concerning progressive discipline that are directly related to the arbitration case.
- (d) Expedited Hearing: The arbitrator shall then conduct the hearing under the rules of the Federal Mediation and Conciliation Service and hear closing arguments. The arbitrator will be requested to render a decision within fifteen (15) working days of the date of the hearing.
- (e) Expenses of the Arbitrator: The fees and expenses of the Arbitrator shall be borne equally by the Employer and the Union.

ARTICLE XII

- (f) Expenses of the Parties: Each party shall be responsible for expenses incurred by it in the presentation of its case, including the payment for time lost, if any, by any employee called as a witness. Either party may at its option and at its own expense have the arbitration proceedings reported and transcribed.
- (g) Power of Arbitrator: The Arbitrator shall have no power to add to, subtract from or modify any of the terms of this agreement or any supplement thereto.

SECTION E. General

1. Extension of Time

Any of the periods within which any of the acts are required by this Article to be performed may be extended by written consent of the parties. In the event the Union fails to process a grievance to the next step within the specified time limits or extension of such time limits, such grievance shall be considered waived. Any grievance not answered by the Employer within the specified time limits or extension of such time limits shall be considered as having automatically moved to the next step.

The Director of **Labor Relations** will meet with the chief steward and/or **Directing Business Representative** to discuss and resolve issues that arise when grievances are not addressed by the Employer within the specified time limits.

2. Computation of Time

In computing the time within which an act is required to be performed under any provision of this Article, Saturdays, Sundays and Holidays shall be excluded.

3. Limitation or Retroactive Effect of Grievance or Arbitration Decision

Except as provided in Article IV, Section F, no grievance or arbitration decision covering any grievance shall provide for retroactive effect for more than thirty (30) calendar days prior to the date such grievance was filed in writing.

ARTICLE XIII

DEDUCTION OF UNION FEES AND PROCEDURE AND CONTRIBUTIONS TO THE MACHINISTS NON-PARTISAN POLITICAL LEAGUE

SECTION A. Fees Deduction

The Employer will deduct an amount equivalent to Union monthly membership dues, initiation fees, and reinstatement fees from the wages of employees provided the employees have executed a written authorization provided by the Union. The Union is responsible for full compliance with all laws/regulations pertaining to dues deduction and holds Raytheon Missile Systems harmless in the execution of Dues Deduction authorizations submitted by the Union.

NAME

DEPARTMENT AND PAYROLL NO.

SOCIAL SECURITY NO.

FEES DEDUCTION AUTHORIZATION AND ASSIGNMENT

TO: RAYTHEON MISSILE SYSTEMS, TUCSON PLANT SITE

(Herein called the "Employer")

You are hereby authorized:

1. To deduct from my wages each month such sum as shall have been certified by Old Pueblo Lodge No. 933, International Association of Machinists and Aerospace Workers (herein called the "Union") as is equivalent to the Union's regular monthly membership dues, including initiation fee and/or reinstatement fee if payable. Such deduction shall be made in accordance with the provisions of the Collective Bargaining Agreement between the Employer and the Union.

2. To remit all sums so deducted to the Secretary-Treasurer of the Union.

This authorization and assignment shall be irrevocable for a period of one (1) year from the date hereof, or until the termination date of the applicable Collective Bargaining Agreement, whichever occurs sooner, and shall automatically be renewed as an irrevocable assignment and authorization for successive yearly or applicable Collective Bargaining Agreement periods thereafter, whichever is the lesser unless I give written

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notice, by certified mail, of revocation to the Company and to the Union not more than twenty (20) and not less than five (5) days prior to the expiration of each yearly period or of each applicable Collective Bargaining Agreement, whichever comes sooner. I expressly agree that this authorization shall continue in full force and effect even if I resign my Union membership, except if properly revoked in the manner prescribed above.

Contributions or gifts to Old Pueblo Lodge 933, International Association of Machinists and Aerospace Workers are not tax deductible as charitable contributions for federal income tax purposes. However, they may be tax deductible under other provisions of the Internal Revenue Code.

DATE

EMPLOYEE SIGNATURE

WITNESS SIGNATURE

SECTION B. Current Authorizations

Subject to the foregoing, any deduction authorizations executed by employees prior to the effective date of this agreement, which are on that date current and in effect, shall be considered valid and in full force and effect under and subject to the terms and provisions of this agreement.

SECTION C. Deduction Procedure

1. Deductions will be made from an employee's wages, provided:

- (a) That the Union has delivered to the Company not later than the 24th day of the preceding month the written authorization provided above.
- (b) The employee is on the Company payroll on the first day of the month.
- (c) That the employee is in the bargaining unit on the first day of the month.
- (d) That the Union has certified to the Employer in writing not later than the 24th day of the preceding month the dollar amount to be deducted from each employee's wages.

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2. Pick-up Deduction

In the event an employee's wages earned during a payroll period in any month, after mandatory and other authorized deductions, are insufficient to cover the authorized Fees Deduction, the Employer will deduct the amount owing from the next payroll period in which wages due are sufficient, after mandatory and other authorized deductions are made unless advised in writing by the Union not to make such Pick-up Deduction. The Employer will only make Pick-up Deductions for any unpaid fees up to but not exceeding the eight- (8) payroll deduction periods immediately preceding the date the Pick-up Deduction is attempted in accordance with this provision.

3. Remittance and Statement to the Union

The Employer shall, on or before the 15th day of each month, furnish to the Union Secretary-Treasurer a written statement for the preceding month covering the following:

- (a) Total amount of fees deducted;
- (b) Name and payroll number of employees from whose wage, deductions have been made;
- (c) Name and payroll number of employees from whose wage, no deductions were made;
- (d) The Employer shall, at the same time, remit to the Union Secretary-Treasurer its check for the amounts so deducted.

SECTION D. Cancellation of Deduction Authorizations

Employees wishing to cancel their individual dues deduction authorization and assignment may do so at the following times:

1. Not less than **five (5)** calendar days nor more than **twenty (20)** calendar days prior to the yearly anniversary date of the authorization they have on file with the Company.

2. In the year the current Labor Agreement expires, not less than **five (5)** calendar days nor more than **twenty (20)** calendar days prior to the expiration date of the contract.

ARTICLE XIII

3. Cancellation to become effective as of the first day of the calendar month following the end of such irrevocable period of the dues deduction authorization and assignment on file with the Company and the Union.

SECTION E. Contributions to the Machinists Nonpartisan Political League

The Company will deduct from the employee's wages and turn over to the Treasurer of the Machinists Nonpartisan Political League (MNPL) contributions by any employee, who desires to make such contributions to said MNPL and who individually and voluntarily authorizes the Company in writing, on an authorization form mutually agreed to between the Company and the Union, to make such deductions. All funds so deducted shall be forwarded monthly to the Treasurer of the MNPL as soon as reasonably possible after the end of each month in which deductions are made, accompanied by a record stating the name of employee, payroll number, social security number and amount contributed and so deducted.

1. Such deductions shall be made in accordance with instructions on said authorization cards which have been delivered by the Union to the Labor Relations department of the Company.

2. Such deductions shall be made each week from the employee's paycheck for that week while an employee, as defined in Article I, Section A, of said agreement.

ARTICLE XIV

GROUP BENEFITS

SECTION A. Employee and Dependent Medical/EAP Coverage and Prescription Drug Coverage

1. The Raytheon Medical Plan (The Plan) will be made available to eligible employees and eligible dependents as agreed upon during negotiations of this Agreement between the Union and the Employer. The Plan is subject to the terms, conditions and exclusions contained in the Plan Documents and is summarized in the Benefits Handbook, except as otherwise noted in this Article, which the Employer shall provide to eligible employees.

2. The Plan will be administered by the Employer in accordance with the provisions of the Plan Document prepared by the Employer.

3. The Employer agrees, during the term of this Agreement, to offer the employees covered by this Agreement, a Point of Service Plan (POS) and a Health Maintenance Organization (HMO) plan, **and various other medical plans**. Each employee shall have the option of electing the Point of Service (POS) Plan or the HMO, **or one of the other plans**, for the employee and the employee's eligible dependents. No employee may be covered by more than one plan. The Union and Company shall meet to discuss any additions or deletions to The Plan.

4. Effective January 1, 2004, the annual **employee** medical contributions, **will be** as listed in **Appendix A-1**.

The **employee** contribution in 2005 will be 1.12 times the 2004 **maximum** contribution for that same plan or the equivalent salaried contribution for 2005, **whichever is less**. The 2006 **employee** contribution will be 1.15 times the 2005 **maximum** contribution for that same plan, or the equivalent salaried contribution for 2006, **whichever is less**. For the term of the Agreement, employee co-pays for office visits will be \$15.00, prescriptions will be \$7.00/\$15.00/\$35.00 retail 30 day, and \$14.00/\$30.00/\$50.00 90 day mail order according to the formulary and hospital admission co-pay will be \$100.

The parties have agreed that the Plan design as negotiated for 2004 for Medical/Vision and Prescription Drugs will remain in place for the duration of this Agreement, except for administrative changes or those made necessary by changes in law.

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5. Employees covered by a non-Raytheon group medical plan, may waive Raytheon medical coverage and receive a waiver credit. The amount of this waiver credit, if applicable, is \$1,000 per calendar year.

The waiver credit is for a full calendar year. Therefore, if the employee is a new hire or an employee who has a qualified change in status and waives medical coverage anytime after January 1, payments will be prorated accordingly. If the employee leaves the Company mid-year, any future payments will be forfeited.

Should both the employee and spouse work for Raytheon, and one elects to enroll in a Raytheon Medical Plan and cover the other as a dependent, the employee who elects to opt-out of coverage is not eligible for the waiver credit.

6. Notwithstanding the foregoing, during the term of this agreement, if the federal or state government enacts a state or federal health care plan, the Company will meet with the Union to explain any changes to the Group Benefits that the Company may make as a result of such enactment. Such changes, if any, will be to the same extent and level as the changes made to other Tucson employees in the plan.

However, should there be a provision in the aforementioned legislation, which exempts Collective Bargaining Agreements until the expiration date of the Agreement, then the preceding paragraph shall not be operative.

SECTION B. Basic Life Insurance Plan

1. The Employer agrees, that during the term of this Agreement, a Basic Life Insurance Plan will be provided, at no cost to the employee, in the amount of one (1x) times each eligible employee's annual base rate of pay rounded to the next higher \$1,000.

2. The Basic Life Insurance Plan will be administered by the Employer in accordance with the provisions of the Basic Life policies of insurance prepared and issued by the insurance carrier.

SECTION C. Retiree Group Life Insurance Plan

The Employer agrees to continue to make available life insurance at no cost to the retiree during years one (1) through five (5) to eligible employees retiring during the term of this Agreement who have completed at least five (5) or more years of

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continuous employment, and three (3) or more years of continuous participation in the Retirement Plan to the following schedule:

- First Year - 80% of the "base annual rate" of earnings at retirement, but not more than \$50,000.
- Second Year - 60% of the "base annual rate" of earnings at retirement, but not more than \$50,000.
- Third Year - 40% of the "base annual rate" of earnings at retirement, but not more than \$50,000.
- Fourth Year - 30% of the "base annual rate" of earnings at retirement, but not more than \$50,000.
- Fifth Year - 20% of the "base annual rate" of earnings at retirement, but not more than \$50,000.

Sixth year and thereafter - \$2,000 at a cost to the retiree of \$12/year. For employees retiring on or after January 1, 1991, coverage is changed to \$5,000 at a cost to the retiree of fifty dollars (\$50) per year. Cost is subject to change based on claims experience.

SECTION D. Retiree Medical Benefits

1. For employees who hereafter retire, with at least three (3) years of continuous participation in the contributory option of the Retirement Plan immediately preceding the employee's date of retirement, and who are at least age 55 but less than age 65 and who have five (5) or more years of continuous employment with the Employer, the Employer agrees to continue to provide the **Raytheon Medical Plans available to active employees and along with other plans**, until the retired employee attains age 65, and shall likewise continue the same coverage for his or her eligible spouse until the spouse attains age 65. Coverage shall be continued under this provision for the retired employee's dependent child until the child reaches age nineteen (19) or age twenty-five (25), if attending an accredited college **or** university, which requires regular full-time attendance in a predetermined training syllabus with a set pattern of progression towards completion of the program.

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2. Retired Employees Medical Benefits will be administered by the Employer in accordance with the provisions of the **Raytheon Retiree Health Benefit Plan** Document prepared by the Employer.

3. If the insured retired employee under this Section D becomes deceased, the insurance in force on the deceased retiree's eligible dependent spouse shall continue in effect. In the case of the deceased retiree's dependent children, **this coverage shall remain in effect until** the date such children cease to be eligible for coverage because of age as stated under this Section D, paragraph 1.

4. For employees retiring under the provisions of the Contributory Option of the Retirement Plan referenced in this Section D, paragraph 1, who retire with annuity start dates on or after **July 1, 2004**, the retiree medical benefit will be administered as follows:

- (a) **Employees who meet these requirements are eligible for a Company contribution of up to \$256 per month for themselves and up to \$256 per month for an eligible spouse/same-sex domestic partner. This contribution can only be used to purchase coverage under a Raytheon-sponsored plan.**

5. For eligible employees retiring under the provisions of the Contributory Option of the Retirement Plan referenced in this Section D, paragraph 1, who retire with annuity start dates on or after **July 1, 2004**, the retiree medical benefit plan will be **the Raytheon Retiree Health Benefit plans** offered in Section A, paragraph 3 of this Article.

6. For employees enrolled in the non-contributory option of the Retirement Plan who retire after January 1, 1994, and who are at least age fifty-five (55), but less than age sixty-five (65) and who have five (5) or more years of continuous employment with the Employer, the Employer agrees that the employees may extend enrollment in the **Raytheon Retiree Health Benefit Plan** until the retired employee attains age sixty-five (65), and shall likewise continue the same coverage for his or her eligible spouse/**same-sex domestic partner** and dependent children in accordance with this Section D, paragraphs 1 and 3.

The covered individual(s) shall pay the full retiree Group Premium for the medical plan of benefits in which they are enrolled. Should the covered individual(s) fail to pay the required premium when due, the coverage will end immediately and cannot be reinstated.

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This premium will be subject to change based on claims experience.

7. The Employer agrees, during the term of this Agreement, that a Medicare Supplemental Insurance Plan will be made available for all retired employees over age sixty-five (65) who retire on or after **July 1, 2004**, and for their spouse/**same-sex domestic partner**.

The Medicare Supplemental Insurance Plan supplementing Medicare Hospital and Medical Benefits, will be administered by the Employer in accordance with provisions of the **Plan document, and summarized in the Summary Plan Description** distributed to retired employees.

Eligible retired employees who enroll in the Medicare Supplemental Insurance Plan shall contribute the appropriate monthly premium based on the plan selected.

This premium will be subject to change based on claims experience.

Employees who retire under the Contributory Option of the Retirement Plan and meet the requirements outlined in Section D, paragraph 1 and reach age 65, are eligible for a Company contribution of \$43 per month for the retiree and \$43 per month for the spouse/same-sex domestic partner. This contribution can only be used to purchase coverage under a Raytheon-sponsored plan.

SECTION E. Optional Group Life Insurance

1. The Employer agrees, during the term of this Agreement, to continue to make available **an** Optional Group Life Insurance Plan for purchase by eligible employees.

2. Eligible employees who desire to purchase this insurance shall make application on the form provided by the Employer, and sign an authorization permitting the Employer to make payroll deductions for their contribution toward the cost of this insurance. Eligible employees who enroll **in** the Optional Group Life Insurance benefits **for 2004** shall contribute an amount per \$1,000 of coverage per year as shown in the table **contained in Appendix A-3**. This premium will be subject to change based upon claims experience or changes in Internal Revenue table rates.

3. Optional Group Life Insurance Plan will be administered by the Employer in accordance with the provisions of the **Plan Document as summarized in the Summary Plan Description**.

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SECTION F. Long Term Disability (LTD)

1. The Employer agrees, during the term of this Agreement, that the Long Term Disability (LTD) Plan shall continue to be made available to the same extent and in the same manner as provided in the Raytheon Employee Long Term Disability Trust to those eligible employees currently enrolled in LTD or who become enrolled after application and acceptance by the Claims Administrator and covered by this Agreement, except as provided below in this Article XIV, Section F.

2. The Long Term Disability (LTD) Plan will be administered by the Employer in accordance with the provisions of the Raytheon Employee Long Term Disability Trust Plan Document prepared and issued by the Plan Administrator.

3. The Employer may revise the Plan as required to comply with State and Federal regulations and laws.

4. Effective January 1, 2004, annual rates per \$100 of covered monthly base wage for Long Term Disability (LTD) Insurance are based upon benefit plan selection as follows:

50% Option

\$.36

60% Option

\$.54

These premium rates are paid by the eligible employee who elects coverage under these Plans; and are subject to change based on experience. These rates apply to participating employees effective January 1, 2004 and eligible employees who, on or after January 1, 2004 enroll for coverage, are accepted by the Claims Administrator and become a participant under the Plan.

5. Long Term Disability Plans will be offered with two options in accordance with the Raytheon Employee Long Term Disability Trust Benefit Plan. Disability benefits are payable to age 65 for covered disabilities that commence before age 62. Disabilities commencing after age 62 are paid according to the Maximum Benefit Duration table.

(a) Both the 50% and 60% options provide benefits for non-occupational illness or injury that lasts longer than 13 weeks.

(b) Premiums will be subject to change based on claims experience.

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SECTION G. Accidental Death and Dismemberment Insurance

1. The Employer agrees **to provide** an Accidental Death and Dismemberment Insurance Plan. The maximum benefit will be five times (5X) the employee's annual base pay. Additional optional insurance coverage is available for the employee's eligible spouse and children.

2. Effective January 1, 2004, the annual cost per \$1,000 of Coverage for Accidental Death and Dismemberment Insurance is based on annual base pay in accordance with the schedule **contained in Appendix A-4.**

3. The premium rates will be subject to change based upon claims experience. The Accidental Death and Dismemberment Insurance Plan will be administered by the Company in accordance with the provisions of the insurance policy prepared and issued by the insurance carrier.

SECTION H. Vision Care

Employees are entitled to vision care coverage automatically when enrolled in any Raytheon Medical Plan. There is no additional employee contribution for this coverage. Employees cannot elect vision care coverage separately from medical coverage.

Eligibility starts immediately upon hire. The Vision Care Plan provides **one routine eye examination each calendar-year for a ten-dollar (\$10) co-pay, lenses and/or frames, up to the frame allowance, each 24 months after a ten-dollar (\$10) co-pay.** Terms and conditions of the Plan will be as agreed upon during negotiations of this Agreement between the Union and the Employer. **The Vision Plan will be administered by the Employer in accordance with the provision of the Plan Document as summarized in the Summary Plan Description.**

SECTION I. Short Term Disability Benefits

1. The Employer agrees to offer a choice of Short Term Disability Plans as follows:

- (a) STD Basic - Company paid benefit of 75% of base pay for up to 13 weeks for non-occupational illness or injury; or,
- (b) STD Plus - "Plus" coverage adds to the "Basic" coverage to provide 100% of base pay for up to 13 weeks. "Plus" coverage is employee paid for non-occupational illness or injury. The employee

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contribution is **as contained in Appendix A-5**. This premium will be subject to change based on claims experience.

2. EPTO Usage With STD - Beginning January 2000, employee's EPTO balance may only be used to provide "Plus" STD benefits (100% of pay) for the same number of days represented by the EPTO balance. When the EPTO balance is exhausted, the STD benefit will reduce to the "Basic" STD level of 75%. An employee, who exhausts EPTO during a period of leave, will have 30 days from his return to work date to enroll in STD "Plus" without a requirement to submit evidence of good health.

SECTION J. General Provisions

1. The Employer agrees to pay the premiums for Basic Employee Life, the Raytheon Medical Plan, the Vision Care Plan (subject to the provisions of Article **XIV**, Section A), and Short Term Disability "Basic" coverages for eligible employees.

2. The Employer agrees to pay the premiums for the Raytheon Medical and Vision Care Plans (subject to the provisions of Article **XIV**, Section A) for eligible dependents.

3. Employees may elect between different levels of benefit coverage. These levels are: (a) employee; (b) employee and spouse/**same-sex domestic partner**; (c) employee and child(ren); (d) employee **and family**; or (e) decline all health care coverage (Opt Out).

4. Nothing herein shall change any provisions of the Group Benefit Plans provided under this Article **XIV** as currently in effect, other than those changes specifically referred to herein.

5. All benefits of employees, retired employees, laid off employees and insured dependents are subject in every respect to the terms of the applicable Plan documents under which payment is claimed.

SECTION K. Dependent Life Insurance

1. The Employer agrees that during the term of this Agreement, the Dependent Life Insurance will continue to be offered. Effective January 1, 200 , the annual cost for the level of coverage is in accordance with the schedule **contained in Appendix A-3**.

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2. Your unmarried dependent child or children age 14 days to age 19 (or up to age 25 if a full-time student) will be covered for the full coverage amount you select. Infants under 14 days of age are not covered.

3. The Dependent Life Insurance will be administered by the Employer in accordance with the provisions of the policy issued by the insurance carrier. Premiums will be subject to change based on claims experience.

SECTION L. Flexible Spending Account

The Employer **will** offer a Flexible Spending Account Plan. The Plan is subject to the terms, conditions and exclusions contained in the Plan Documents and is summarized in a Summary Plan Description, which the Employer shall provide to eligible employees. Two accounts, a Health Care Account and a Dependent Care Account, are available for eligible employees to voluntarily contribute pre-tax dollars through payroll deduction. Participants may apply for reimbursement from the accounts for eligible health and dependent care expenses. Eligible employees may elect to contribute a minimum of \$100 annually per account.

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DENTAL PLAN

SECTION A. Dental Plan

1. The Dental Plan will be administered by the Employer in accordance with the provisions of the Dental Plan document, as summarized in the Benefits Handbook.

2. The Employer agrees to revise the Dental Plan to incorporate the changes outlined below which will become effective January 1, 2004, for employees actively at work on the effective date; otherwise, on the first date of an employee's return to active employment thereafter:

(a) Eligible employees may enroll in the Preferred Dentist Program (PDP), with a choice of the High or Low dental option, according to the provisions of the plan.

(b) Employees have the option to participate in a Dental Maintenance Organization (DMO).

3. Employees will share in the cost of the dental plan in accordance with the schedule contained in Appendix A-2. 2005 annual employee dental contributions will be no greater than 1.10 times the 2004 maximum employee contribution, as indicated in Appendix A-2, or the equivalent amount of contribution made by the other employees in the plan, whichever is less. 2006 annual employee dental contributions will be no greater than 1.10 times the 2005 maximum employee contribution, as indicated in Appendix A-2, or the equivalent amount of contribution made by the other employees in the plan, whichever is less.

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RETIREMENT

SECTION A. General

1. The Retirement Plan will be administered by the "Administrator" as defined in the Raytheon Retirement Plan. Copies of the Summary Plan Description will be provided to employees as required by law.

2. Any significant change in the Plan affecting employees in the bargaining unit, other than those provided below, shall be made only after negotiations with the Union.

3. The Employer agrees, during the term of this Agreement and so long as the Plan is qualified under the applicable provisions of the Internal Revenue Code, that its Retirement Plan benefits shall continue to be made available to those qualifying employees covered by this Agreement.

4. The term "Retirement Plan" used in this Agreement means the bargaining unit Retirement Plan which by its terms applies to employees covered by this Agreement.

5. The Employer may qualify, requalify and amend the Retirement Plan and any administrative procedure or operational rule relating thereto as necessary in order to comply with the requirements of the Employee Retirement Income Security Act of 1974 as it may be amended, the Retirement Equity Act of 1984, the Tax Reform Act of 1984, the Tax Equity and Fiscal Responsibility Act of 1982, the Omnibus Budget Reconciliation Act of 1986, the Age Discrimination in Employment Amendments of 1986, the Tax Reform Act of 1986, the General Agreement on Tariffs and Trade Act of 1994 (will be implemented no sooner than December 1, 1997), and any regulation or other administrative ruling issued thereunder, or any other present or future law, regulation or ruling issued under such law requiring amendment of the Retirement Plan or otherwise affecting its operation in any significant manner.

All of such actions of the Employer may be done if they are either necessary or desirable for the purpose of maintaining the qualified status of the Retirement Plan under the applicable provisions of the Internal Revenue Code or as may be necessary or desirable to comply with the provisions of any other law affecting the operation of the Retirement Plan including setting actuarial assumptions established by the actuary and submitted to the Administrator required to compute benefits.

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6. Effective, January 1, 1988, participants' contributions were reduced to three percent (3%) of eligible compensation as defined in the Plan.

SECTION B. Retirement Plan Improvements

Effective January 1, 1988, the following changes were made in the Retirement Plan contingent upon and subject to obtaining and retaining such approval of the Commissioner of the Internal Revenue and all other Federal and State governmental agencies as the Employer may find necessary to qualify for tax exemption under the applicable provisions of the Internal Revenue Code or other laws:

1. Monthly "Normal Retirement Benefits" under the Plan for participants separating from the Service after October 23, 1987 and retiring effective on or after January 1, 1988 are computed as the greater of:

- (a) Career Average formula - One twenty-fourth ($1/24$) of the participant's contributions to the Plan plus credited monthly past service credits for contributions and service prior to January 1, 1988; and one percent (1%) of the first \$3,600 of Plan Compensation plus two percent (2%) of Plan Compensation in excess of \$3,600 for each year of contributions and service from January 1, 1988.
- (b) Minimum Benefit formula - \$13.00 per month plus one-half of one percent ($1/2\%$) of the participant's five (5) years average monthly compensation for the five (5) highest of his or her last ten (10) qualifying twelve (12) Accounting Month periods as a contributing member of the Plan including those years for which past service was credited, or
- (c) Effective for participants retiring effective on or after January 1, 1991, the final Average Compensation formula will be one and three quarters percent ($1-3/4\%$) of the participant's five (5) years average monthly compensation for the five (5) highest of his or her last ten (10) qualifying twelve (12) Accounting Month periods offset by one and one-half percent ($1-1/2\%$) of the estimated "Primary Insurance Amount" determined under the Federal Social Security Act for each year that the participant contributed to the Plan including those years for which past service was credited. The maximum offset is fifty percent (50%) of the

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estimated monthly "Primary Insurance Amount" benefit.

2. Effective January 1, 1988, employees were permitted to continue to contribute to the Retirement Plan after age 65. Employees who are already over age 65 and who had their contributions stopped because of the attainment of age 65 may again enroll and begin contributing. Employees who attain age 65 after January 1, 1988, will automatically continue participation in the Plan.

There will be no retroactivity and there will be no "make up" contributions permitted for employees over age 65 who again participate in the Plan.

3. Effective January 1, 1991, a non-contributory benefit will be provided for all employees hired after January 1, 1991 and for existing employees who choose the non-contributory option prior to December 22, 1990. The non-contributory benefit, for those participating in it will supersede the benefit described in Section B, paragraph 1 of this Article. The non-contributory benefit formula will be:

- (a) One and one-half percent (1-1/2%) of the participant's five (5) years average monthly compensation for the five (5) highest of his or her last ten (10) qualifying twelve (12) accounting month periods (final average monthly compensation) for the first thirty-five (35) years of service plus one-half percent (1/2%) of the final average monthly compensation for service over thirty-five (35) years offset by six-tenths (6/10) of one percent (1%) of each individual's covered compensation using a thirty-five (35) year average of the annual maximum Social Security wage base.
- (b) The non-contributory benefit will have different qualifications for normal and early retirement, no automatic cost-of-living payment, and no eligibility for company-paid medical. Effective January 1, 2000 the plan **was amended to** contain a minimum pension benefit formula of \$29 per month per year of service, subject to the provisions of the plan regarding normal and early retirement. **Effective for employees retiring on or after January 1, 2005, this minimum pension benefit will increase to \$30. Effective for employees retiring on or after January 1, 2006 this minimum pension benefit will increase to \$31.** Details of the

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non-contributory benefit will be provided to employees in copies of the Summary Plan Description as required by law.

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SAVINGS AND INVESTMENT PLAN

SECTION A. Raytheon Savings and Investment Plan (RAYSIP)

1. The Employer agrees, during the term of this Agreement, that the Raytheon Savings and Investment Plan (RAYSIP), shall be made available to those eligible employees covered by this Agreement, so long as the Plan is qualified under the applicable provisions of the Internal Revenue Code.

2. The Employer agrees that the Raytheon Savings and Investment Plan (RAYSIP) will be administered **in accordance with the plan document and** as follows:

- (a) Employee contributions to the Plan will be a percentage of qualifying compensation. Employees enrolled in the Plan may contribute between one percent (1%) and **fifty** percent (50%) of qualifying compensation in one percent (1%) increments, subject to IRS limitations. Contributions can be made on a pre-tax and/or post-tax basis. Qualifying compensation shall include base wages, overtime, shift premiums, and supplemental wage payments.
- (b) For the first four percent (4%) of the employee's contribution, the Employer will contribute an amount equal to one hundred percent (100%) of the employee's contribution. This Employer contribution shall be invested in Raytheon Common stock. The employee's contribution may be invested in any plan option.
- (c) The Employer's contribution on the first four percent (4%) must remain in Raytheon Common stock until the earliest of: five (5) years from the year Raytheon makes its contribution, January 1 of the year in which the employee turns age 55 or the date of termination of employment with the Company. After that time, employees may elect to transfer the value of the Raytheon stock to another Plan option.
- (d) Employees are eligible to enroll in RAYSIP as of their first day of work subject to administrative processing.

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- (e) In accordance with provisions of the Plan, the value of the participant's account is payable as a lump sum payment upon retirement, death, total and permanent disability or upon separation from the Company for any reason other than retirement.
- (f) In accordance with provisions of the Plan, qualified assets may be eligible for a rollover distribution to another qualified plan, subject to the provisions of that plan.

3. The Raytheon Savings and Investment Plan includes a loan provision.

4. The RAYSIP plan year is based on a calendar year beginning January 1 and ending December 31 of each year.

5. Employees will be eligible to participate in the investment options provided by the plan.

6. The Employer may qualify, requalify and amend the Savings Plan and any administrative procedure or operational rule relating thereto as necessary in order to comply with the requirements of **all applicable Federal statutes governing the Savings Plan**, and any regulation or other administrative ruling issued thereunder, or any other present or future law, regulation or ruling issued under such law requiring amendment of the Savings Plan or otherwise affecting its operation in any significant manner.

7. Any significant change in the Savings Plan benefits affecting employees in the bargaining unit shall be made only after negotiations with the Union.

SECTION B. Raytheon Stock Ownership Plan (RAYSOP)

1. **The** Employer agrees to include represented employees under this Agreement in the Raytheon Stock Ownership Plan (RAYSOP). As such, the initial allocation to an employee's account will be made during the 2001 plan year based on eligible compensation from the prior year.

2. Eligible employees will receive a contribution in the Raytheon Common Stock Fund in the amount of one-half of one percent (0.5%) of eligible compensation. Eligible compensation includes base wages, overtime, shift premiums and supplemental wage payments.

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3. RAYSOP will be administered by the Employer in accordance with the provisions of the plan.

SECTION C. Long Service Layoff Plan

1. Except as otherwise provided in Section C, paragraph 2 of this Article, the Employer agrees, during the term of this Agreement, that its Long Service Layoff Plan benefits will continue to be made available to those qualifying employees covered by this Agreement to the same extent and in the same manner as were made available by the Employer immediately prior to the execution of this Agreement.

2. Effective on and after October 1, 1969 no further Long Service Allowance Payment benefits shall accrue or be earned by any employee under the Long Service Layoff Plan. It is the intent of the Union and the Company that Long Service Allowance Payment benefits as may have been accrued by any employee under the provisions of the Plan on that date shall not be disturbed but all further accrual of Long Service Allowance Payment benefits shall cease on and after that date.

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GENERAL

SECTION A. Agreement Assignable

This agreement shall be binding upon any successor or assignee of all or a major part of the Employer.

SECTION B. Separability

Should any part hereof or any provision herein contained be rendered or declared invalid by reason of any existing or subsequently enacted legislation, or by a decree of a court of competent jurisdiction, such invalidation of such part or portion of this agreement shall not invalidate the remaining portions hereof and they shall remain in full force and effect.

SECTION C. Waiver

The waiver of any breach or condition of this agreement by either party shall not constitute a precedent for any future enforcement or waiver of such breach or condition. Either party hereto shall be entitled to require specific performance of the provisions of this agreement.

SECTION D. Apprenticeship Agreement

The Employer shall continue in effect the established Apprenticeship Agreement, which is the subject of a separate agreement between the Employer and the Union and the Arizona State Apprenticeship Council. Matters pertaining to the Apprenticeship standards shall not be subject to the grievance and arbitration procedure herein.

SECTION E. Maintenance of Benefits and Privileges

Subject to the provisions of Section F of this Article, no employee shall suffer a loss of any benefits or privileges previously enjoyed as a result of this agreement.

SECTION F. Current and Supplemental Agreements

This agreement constitutes the sole and entire existing agreement between the parties and supersedes all previous agreements between the Company and the Union or the Company and any of the covered employees, and expresses all obligation of, and restrictions imposed on, the Company and the Union for the period of this agreement. All supplements, amendments, or modifications when agreed upon and signed by the parties to this agreement,

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shall be a part of this agreement. No alteration, variation, waiver or modification of any of the terms, conditions, or covenants contained herein shall be made by any employee or group of employees with the Employer, and none shall be valid or binding unless such is made and executed in writing between the parties hereto.

SECTION G. Military Service

The Employer and the Union agree that the rights to re-employment by the Employer of its employees who entered or were inducted into the armed forces of the United States and the Employer's obligations to those employees shall be governed by the **most recent** provisions of applicable veteran's re-employment statutes. Such employees shall be considered as on unlimited **personal** leave of absence and shall accumulate seniority during such **personal** leave, provided such employees present themselves for re-employment within ninety (90) calendar days from date of honorable discharge from the armed forces.

SECTION H. Security Regulations

The Union recognizes that the Employer has certain obligations in its contracts with the Government pertaining to security, and agrees that nothing contained in this agreement is intended to place the Employer in violation of its security agreements, or require the Employer to employ or to continue in its employ, or to give access to any plant, factory or site, any person or persons to whom either the Secretary of Defense, or the Secretary of the Army, or the Navy, or the Air Force, or any of their duly authorized representatives, in the interest of security against espionage, sabotage, or subversive activity, refuse access to classified information and/or work. **When requested by management, the employee will apply for a security clearance granted by the Federal Government. Employees unable to obtain and maintain the security clearance will be reassigned to unclassified areas in the same classification, seniority permitting. In the event no unclassified positions are available, the employee may be reclassified to a classification to which rights and seniority permit (with compensation at current base rate or maximum of the new classification whichever is lower) and/or layoff guidelines herein will apply.**

Furthermore, the parties agree to a joint Union/Company security committee to discuss any bargaining unit security issues, when allowed by regulation.

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In the event special access **authorizations** are required in any area, every effort will be made to staff with senior employees. Employees assigned to Government programs requiring special access may be retained until such time as the Program ceases or the cleared employee is no longer needed or an appropriately cleared employee is available for assignment to the area. Should problems arise regarding special access **authorizations**, the Company and the Union will meet to **discuss** the issue, **when allowed by regulation**.

Employees whose security clearance has been denied or revoked may contest such denial or revocation of their security clearance in the following manner:

1. Serve written request for review to the Defense Office of Hearings and Appeals (DOHA) requesting a hearing or other appeal action as set forth in Executive Order 10865, dated February 20, 1960 and Department of Defense Directive 5220.6, "Defense Industrial Personnel Security Clearance Review Program, dated January 2, 1992." Such requests are made directly to DOHA in order to protect the individual's privacy. During this review, the employee may also be represented by counsel if desired (at his and or her own expense), present evidence on his or her own behalf, and cross-examine persons providing information adverse to the applicant.

2. In the event that the Department of Defense final determination is favorable to the issuance or re-issuance of a security clearance to the laid off employee, the laid off employee will be recalled, seniority permitting.

SECTION I. Subcontracting

It is the policy and intent of the Company to have work performed by its own employees in its own plants whenever, in the opinion of the Company, such work can be performed competitively at required quality levels and in accordance with delivery requirements. This policy, of course, is not applicable whenever the Company is required in the performance of a contract or deems it necessary to utilize the services of other facilities or companies.

With respect to subcontracting of work currently performed by bargaining unit employees, the parties recognize that from time to time such subcontracting may be necessary. Given these conditions and in acknowledgment of the Employer's and Union's concerns regarding employment stability, the parties agree to meet monthly to discuss the impact of subcontracting on bargaining unit jobs and alternatives.

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In the event that it has been determined that maintenance and support employees will be displaced as a direct result of subcontracting, the procedure shall be as follows:

1. Notice

The Company will give notice to the Union of its intent to subcontract maintenance and support work, where the work will be done by a subcontractor at the plant or elsewhere, prior to finalization of the proposed action provided that the work is of a nature that is normally performed by the maintenance and support family* classifications. Prior notice will not be required in emergency situations.

*As defined in the 1999 Labor Agreement

2. Bargaining

If the Union requests decision bargaining within ten (10) working days following a Company notice of intent to subcontract, the Company will be available to meet with the Union within five (5) working days of such request and the bargaining shall continue for up to thirty (30) calendar days from the date of the Company notice, unless the period is extended by mutual agreement. The Company will make a decision whether or not to subcontract such work after this bargaining period.

3. Information

If information is requested by the Union for bargaining, the Company will promptly make the following information available to the Union for such bargaining. The information will specifically include the express reason(s) for intending to subcontract the work and, where employment cost is a significant factor, comparative related wages, payroll allowances and employee benefits expenses of represented employees for the work intended to be subcontracted and of their counterparts who would be assigned the work. This information will be treated as confidential by the Union, pursuant to a confidentiality agreement.

SECTION J. Automation, Education, New Technology

It is recognized that the best interest of the employee group, the Union, the Company, and the Nation require that the Employer will utilize the most efficient machines, processes, methods, and materials in order to compete most effectively as a Company, provide economically secure jobs for employees and support a strong and growing nation.

ARTICLE XVIII

In order to be assured of economically secure jobs, the employees are expected to be able to meet the normal efficiency and productivity levels as well as the certification requirements established by the Company.

The term "New Technology" shall be defined as the introduction of automated manufacturing machines, robots, and computer aided manufacturing systems which cause the direct elimination of work which has been performed manually by bargaining unit personnel.

It is further recognized that in utilizing new machines, processes, methods and materials, including employee empowerment/worker participation programs, certain employees may be displaced from their job. In order to minimize the effect of such displacement upon such individual employees, it is, therefore, agreed that the Employer will:

- (a) Meet with the Union Negotiating Committee twice yearly in the months of January and July or as required to discuss issues identified as new technology and/or processes and methods changes including employee empowerment/worker participation programs and identify potential major changes and anticipated impact on bargaining unit personnel requirements.

In addition, the Committees will review new training requirements/programs and related training/certification matters as may be agreed upon.

- (b) Reimburse employees for the fees for a training course successfully completed if such employees have received written approval of the course from the Company prior to the employees beginning such training course.
- (c) Continue to make available the necessary training and/or cross-training so as to minimize the impact on new technological introductions on bargaining unit personnel.
- (d) It is further agreed that the Employer will prior to displacing employees from their jobs:
 - (1) endeavor to find other work within the Plant Site for which the employee may be qualified;

ARTICLE XVIII

- (2) failing in this, retrain the employee in either the new technologies or in other technologies to the extent of his capabilities and available job openings; **failing in this**, the Employer will assist such laid off employees in enrolling in retraining programs, which are provided by federal and state governments for the retraining of employees displaced by changing technologies.

SECTION K. Plant Closure

1. The Company (RMS, Tucson) agrees to comply with the provisions of the Workers' Adjustment Retraining and Notification Act (WARN) in connection with any plant closing or mass layoff as defined by WARN.

2. Unemployment Reporting

Employees terminated as a result of the closure of the plant will be reported "terminated through no fault of their own" for the purpose of unemployment reporting.

3. Career Continuation Assistance

- (a) Should the Company provide a career continuation program, it will be made available to all hourly employees through the services of a group out-placement consultant. Participation will be voluntary.

4. The Company and the Union agree that if there is a plant closure, as defined by WARN, the Company will bargain on the effects of such.

ARTICLE XIX

DURATION

SECTION A. Term

This Agreement shall take effect on the **2nd day of November 2003**, unless otherwise specifically provided as to certain provisions, and shall remain in effect until **11:59 p.m. on the 5th day of November 2006**. It shall continue in effect from year to year thereafter unless notice is given in the manner provided in Section B of this Article.

SECTION B. Modification or Amendment

This Agreement shall remain in effect for the term specified in Section A and thereafter from year to year unless either party notifies the other in writing by registered mail of the desire to terminate, amend or modify, in which case the written notice shall be given at least sixty (60) calendar days prior to the expiration date of this Agreement.

SECTION C. Termination of this Agreement

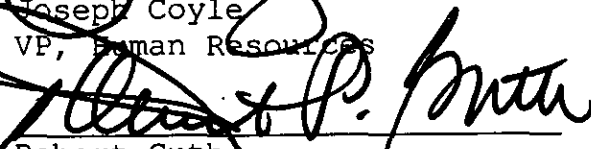
This contract will expire and become null and void at **11:59 p.m. on the 5th day of November 2006**.


ARTICLE XIX

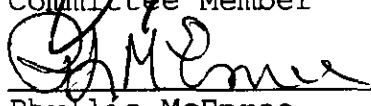
SIGNED this 26th day of January, 2004


RAYTHEON MISSILE SYSTEMS
TUCSON PLANT SITE



Joseph Coyle
VP, Human Resources

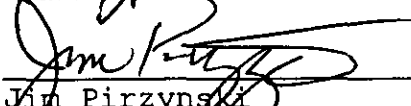

Robert Guth
Dir., Labor Relations
Chairman


Ricky Nelson
Committee Member

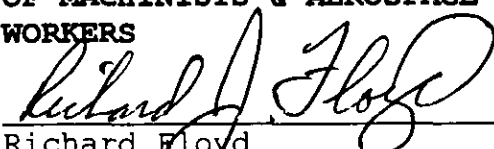

Phyllis McEnroe
Committee Member


Dan Almasy
Committee Member

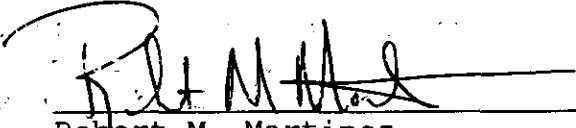

Mike Serrano
Committee Member

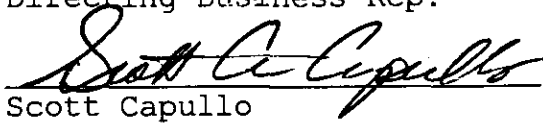

Jim Pirzynski
Committee Member

INTERNATIONAL ASSOCIATION
OF MACHINISTS & AEROSPACE
WORKERS

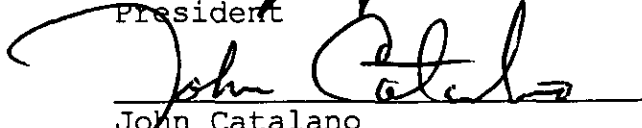

Richard Floyd
Aerospace Coordinator

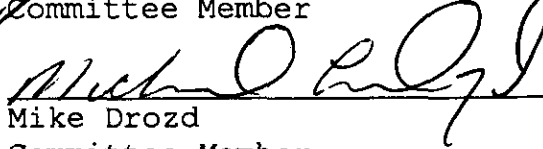
OLD PUEBLO LODGE NO. 933

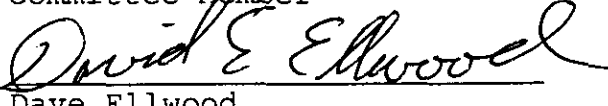

Robert M. Martinez
Directing Business Rep.



Scott Capullo
Chairman, Committee Member

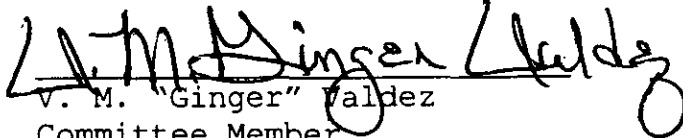

Ronald J. Lujan
President


John Catalano
Committee Member


Mike Drozd
Committee Member


Dave Ellwood
Committee Member


Louis Martinez
Committee Member


V. M. "Ginger" Valdez
Committee Member

APPENDIX "A"

RAYTHEON MISSILE SYSTEMS TUCSON, AZ IAM 933 BARGAINING UNIT EMPLOYEES

A-1. Employee and Dependent Medical Coverage. Rates for 2004, 2005 and 2006 will be no greater than the amounts indicated below.

2004 - 2006 Maximum Annual Medical Contributions:				12%	15%
Plan	Coverage Level	Current 2003	Effective January 1, 2004	Effective January 1, 2005	Effective January 1, 2006
UHC EPO	Employee Only	\$228.00	\$356.21	\$398.96	\$458.80
	Employee Plus Spouse	\$480.00	\$748.03	\$837.79	\$963.46
	Employee Plus Child(ren)	\$456.00	\$676.79	\$758.00	\$871.71
	Family	\$731.00	\$1,139.86	\$1,276.64	\$1,468.14
UHC POS	Employee Only	\$410.00	\$624.28	\$699.19	\$804.07
	Employee Plus Spouse	\$861.00	\$1,310.99	\$1,468.31	\$1,688.56
	Employee Plus Child(ren)	\$820.00	\$1,186.12	\$1,328.45	\$1,527.72
	Family	\$1,312.00	\$1,997.68	\$2,237.40	\$2,573.01
UHC PPO	Employee Only	N/A	\$772.11	\$864.76	\$994.48
	Employee Plus Spouse	N/A	\$1,621.47	\$1,816.05	\$2,088.45
	Employee Plus Child(ren)	N/A	\$1,467.05	\$1,643.10	\$1,889.56
	Family	N/A	\$2,470.79	\$2,767.28	\$3,182.38
Definity Bronze	Employee Only	N/A	\$295.08	\$330.49	\$380.06
	Employee Plus Spouse	N/A	\$631.56	\$707.35	\$813.45
	Employee Plus Child(ren)	N/A	\$568.59	\$636.82	\$732.34
	Family	N/A	\$968.03	\$1,084.19	\$1,246.82
Definity Silver	Employee Only	N/A	\$549.21	\$615.12	\$707.38
	Employee Plus Spouse	N/A	\$1,173.67	\$1,314.51	\$1,511.69
	Employee Plus Child(ren)	N/A	\$1,057.06	\$1,183.91	\$1,361.49
	Family	N/A	\$1,798.13	\$2,013.91	\$2,315.99
Definity Gold	Employee Only	N/A	\$684.14	\$766.24	\$881.17
	Employee Plus Spouse	N/A	\$1,459.34	\$1,634.46	\$1,879.63
	Employee Plus Child(ren)	N/A	\$1,314.96	\$1,472.76	\$1,693.67
	Family	N/A	\$2,234.51	\$2,502.65	\$2,878.05

APPENDIX "A"

A-2. Employee and Dependent Dental Coverage. Rates for 2004, 2005 and 2006 will be no greater than the amounts indicated below.

2004 - 2006 Maximum Annual Dental Contributions				
Plan	Coverage Level	Effective January 1, 2004	Effective January 1, 2005	Effective January 1, 2006
Met Life - High Option	Employee Only	\$76.51	\$84.16	\$92.58
	Employee Plus Spouse	\$164.45	\$180.90	\$198.98
	Employee Plus Child(ren)	\$166.94	\$183.63	\$202.00
	Family	\$281.38	\$309.52	\$340.47
Met Life - Low Option	Employee Only	\$0.00	\$0.00	\$0.00
	Employee Plus Spouse	\$0.00	\$0.00	\$0.00
	Employee Plus Child(ren)	\$0.00	\$0.00	\$0.00
	Family	\$0.00	\$0.00	\$0.00
DMO - EDS	Employee Only	\$17.58	\$19.34	\$21.27
	Employee Plus Spouse	\$35.15	\$38.67	\$42.53
	Employee Plus Child(ren)	\$35.15	\$38.67	\$42.53
	Family	\$52.73	\$58.00	\$63.80

APPENDIX "A"

A-3. Optional Life Insurance. Rates subject to change based on experience.

2004 Employee Optional Life Insurance			
Coverage	Employee's Age	Non-Smoker - Annual cost per \$1,000 of coverage	Smoker - Annual cost per \$1,000 of coverage
1x - 5x Base Pay			
	Under 30	\$0.72	\$0.84
	30-34	\$0.96	\$1.08
	35-39	\$1.08	\$1.20
	40-44	\$1.20	\$1.44
	45-49	\$1.80	\$2.28
	50-54	\$2.76	\$3.96
	55-59	\$5.16	\$6.84
	60-64	\$7.68	\$9.00
	65-69	\$15.00	\$16.80
	70+	\$24.60	\$27.60

2004 Spouse/Domestic Partner Life Insurance			
Coverage	Employee's Age	Non-Smoker - Annual cost per \$1,000 of coverage	Smoker - Annual cost per \$1,000 of coverage
\$10,000-\$50,000			
	Under 30	\$0.468	\$0.564
	30-34	\$0.468	\$0.564
	35-39	\$0.780	\$0.924
	40-44	\$1.152	\$1.392
	45-49	\$2.004	\$2.400
	50-54	\$3.384	\$4.056
	55-59	\$5.760	\$6.912
	60-64	\$7.308	\$8.772
	65-69	\$11.220	\$13.464
	70+	\$20.004	\$24.00

2004 Child Life Insurance	
Coverage	Annual cost per \$1000 of coverage
\$5,000-\$25,000	\$1.08

APPENDIX "A"

A-4. Accidental Death & Dismemberment (AD&D). Rates subject to change based on experience.

2004 Accidental Death & Dismemberment Insurance (AD&D)		
Coverage	Coverage Level	Annual cost per \$1,000 of coverage
1x - 5x Base Pay		
	Employee Only	\$0.18
	Employee Plus Spouse	\$0.276
	Employee Plus Child(ren)	\$0.216
	Family	\$0.288

A-5. Short Term Disability - Rates subject to change based on experience.

2004 Short Term Disability	
Coverage	Annual cost per \$100 of total base pay
STD Basic - 75%	\$0.00
STD Plus Up - 100%	\$0.30

A-6. Long Term Disability - Rates subject to change based on experience.

2004 Long Term Disability	
Coverage	Annual Cost per \$100 of total base pay
LTD 50% of Base Pay	\$0.36
LTD 60% of Base Pay	\$0.54
Occupational LTD 50% Base Pay	\$0.42
Occupational LTD 60% Base Pay	\$0.62

Raytheon

Missile Systems

PO Box 11337
Tucson, Arizona
85734-1337 USA
520.794.3000

November 2, 2003

Ref. 10210-125

Mr. Robert M. Martinez, Directing Business Representative

Subject: Retiree Supplemental Wage Payment

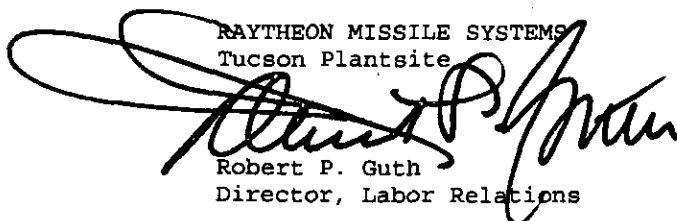
Dear Mr. Martinez:

Effective with the signing of this agreement, any employee represented by IAM Local 933, who retires after February 1, 2004 and before December 31, 2005 will receive a retiree supplemental wage payment as follows:

EFFECTIVE DATE	PAYMENT CALCULATION
February 2004	3.5% of January 2004 earnings
March 2004	3.5% of January and February 2004 earnings
April 2004	3.5% of January, February and March 2004 earnings
May 2004	3.5% of January, February, March and April 2004 earnings
June 2004	3.5% of January, February, March, April and May 2004 earnings
July 2004	3.5% of January, February, March, April, May and June 2004 earnings
August 2004	3.5% of January, February, March, April, May, June and July 2004 earnings
September 2004	3.5% of January, February, March, April, May, June, July and August 2004 earnings
October 2004	3.5% of January, February, March, April, May, June, July, August and September 2004 earnings
November 2004	3.5% of January, February, March, April, May, June, July, August, September and October 2004 earnings
December 2004	3.5% of January, February, March, April, May, June, July, August, September, October, and November 2004 earnings
February 2005	3.5% of January 2005 earnings
March 2005	3.5% of January and February 2005 earnings
April 2005	3.5% of January, February and March 2005 earnings
May 2005	3.5% of January, February, March and April 2005 earnings
June 2005	3.5% of January, February, March, April and May 2005 earnings
July 2005	3.5% of January, February, March, April, May and June 2005 earnings
August 2005	3.5% of January, February, March, April, May, June and July 2005 earnings
September 2005	3.5% of January, February, March, April, May, June, July and August 2005 earnings
October 2005	3.5% of January, February, March, April, May, June, July, August and September 2005 earnings
November 2005	3.5% of January, February, March, April, May, June, July, August, September and October 2005 earnings
December 2005	3.5% of January, February, March, April, May, June, July, August, September, October, and November 2005 earnings

The above payments will be made as a Retiree Supplemental Wage Payment on the employee's last day worked if 2 weeks prior notice of last day worked is received by the Labor Relations Department.

Sincerely,

RAYTHEON MISSILE SYSTEMS
Tucson Plantsite

Robert P. Guth
Director, Labor Relations

RPG/cj

July 10, 2003

Ref. 10210-48

Mr. Robert M. Martinez, Directing Business Representative
International Association of Machinists
And Aerospace Workers
Old Pueblo Lodge N. 933
369 W. Ajo Way
Tucson, Arizona 85713

Subject: Memorandum of Understanding - Assembly Technician - A1038

Dear Mr. Martinez:

In accordance with Article II, Employer-Union Relations, Section D, Employer Responsibilities and Article IV, Wages Section F, New and Revised Units, Negotiations, and Arbitration, the company desires, for good and valid business reasons which have been explained to the union leadership on several occasions, to exercise its right under the current labor agreement to combine the Manufacturing Specialist and Production Technician units into the combined Assembly Technician unit.

This will confirm the parties understanding regarding the combination of the Manufacturing Specialist A1020 and the Production Technician A1035 into one unit - Assembly Technician A1038. The parties agree that this unit will have an hourly rate range of \$13.48 minimum to \$19.04 maximum. At the request of the union and subject to the collective bargaining process for a new labor agreement, the company affirms its obligation as a mandatory subject of collective bargaining to negotiate wages with the union for the new Assembly Technician unit.

In order to facilitate a smooth transition into the new Assembly Technician unit, the company is making the following offer to the leadership of IAMAW, Local 933, in recognition of and appreciation for their efforts to work with the company and its represented employees for a smooth transition.

1. Effective Saturday, July 19, 2003, the company agrees that for each employee currently holding the unit and compensated as a Product Technician or Manufacturing Specialist paid at the dual certified rate of \$19.04 per hour will receive \$.25 (cents) additional pay for every hour paid (including overtime) for the next consecutive forty-three (43) week period beginning on Saturday, July 19, 2003.
2. Effective Saturday, July 19, 2003, employees who are single certified as Manufacturing Specialists will receive an Automatic Wage Progression (AWP) payment of \$.50 (cents) per hour and will continue to receive an AWP payment of \$.50 (cents) per hour each six (6) months (plus absences of three (3) weeks or more) until they reach the maximum for the rate for the Assembly Technician unit.

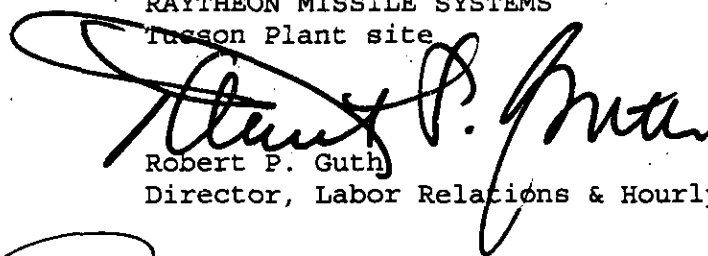
3. For any current employee who is single certified as a Manufacturing Specialist who is working in the unit and the payroll at the implementation date of this MOU and who complete the current CEP requirements for the current Production Technician unit within 24 months of the date of this MOU will be paid the maximum of the Assembly Technician rate range.
4. New hires into the Assembly Technician unit will receive a \$1,000.00 one-time payment upon successful completion of the redesigned Pima College curriculum for the Assembly Technician unit. Current employees who do not hold rights to the Assembly Technician unit who complete the redesigned Pima College curriculum for the Assembly Technician unit will receive a \$1,000.00 one-time payment upon promotion into the Assembly Technician unit. All new hires into the unit A1038 will be paid at the minimum (\$13.48) of the range rate and progress through the AWP process until they reach the maximum of the unit. Employees promoted into the unit A1038 will receive their current rate of pay or the minimum of the rate range (\$13.48) which ever is greater.
5. Employees who previously held the manufacturing specialist unit and who were promoted to another family and are subsequently promoted, realigned, recalled, home base change or are affected by a reduction in force into the assembly family will receive upon reentry to the combined unit A1038 a rate of pay equal to the midpoint of the rate range, unless their PBR was higher than the midpoint when they left the manufacturing specialist unit, in which case they will be paid their most recent rate prior to leaving the unit plus any subsequent general wage increases, not to exceed the maximum of the rate range.
6. Employees who previously held the production technician unit and who were promoted to another family and are subsequently promoted, realigned, recalled, home base change or are affected by a reduction in force into the assembly family will receive upon reentry to the combined unit A1038, a rate of pay equal to the maximum of the rate range for that unit.
7. The company agrees to establish adequate training programs within the Assembly Technician unit to provide all employees the opportunity to achieve a skill level to meet the evolving manufacturing/assembly technologies. This training will consist of two levels:
 - A) Level 1 - Training focuses on the primary assembly and integration technologies at RMS with a yearly 8 hour training refresher for all Assembly Technicians.
 - B) Level 2 - Product specific on-the-job (OJT) at the factory/work cell level.

This training program will be implemented over twelve (12) months, with elements existing today implemented immediately. The 12 months can be extended by mutual agreement by both parties. The CEP assembly family will be responsible for developing the training, and all test materials and design of the new and redesigned Pima College curriculum for the Assembly Technician unit with a commitment of cooperation and agreement from the joint negotiating committees prior to implementation of said training/education. No employee shall be disciplined for inability to perform until training is provided and completed.

8. All employees now in the combined Assembly Technician unit will be carried on a single seniority list based on their company seniority, in accordance with Article VI, "Seniority." Shift transfers will be handled in accordance with the contract language of Article VI, Section I, "Shift Transfers," except that for any employee in the new Assembly Technician unit who has a shift change request on file on the implementation date of this MOU will be moved to the preferred shift of choice in any department replacing the least senior employee in the unit on the shift of preference. This will be accomplished over the next two fiscal quarters or sooner in seniority order from the requests on file.
9. The company agrees to make every effort to provide all employees in the Assembly Technician unit an opportunity to update their security clearances (EPSQ) starting with the senior employees. This will provide the company a larger pool of assembly technicians with a current secret clearance who may be put-in for customer access programs in accordance with Article XIX, Section H. Security Regulations.
10. The company agrees to make every effort to ensure that employees who have not received the training described in paragraph 7 above and were single certified prior to this combination as Manufacturing Specialist, will not be required to perform tasks which were specific to the production technician job description prior to the combination until training is completed.
11. The company agrees to meet with the union leadership over issues that may arise pursuant to the establishment of the Assembly Technician unit and to work with the union leadership to address and mutually resolve those issues.
12. This Memorandum of Understanding is for the instant case only and does not establish precedent for either the company or the union with regard to any other job combinations the company desires to make.

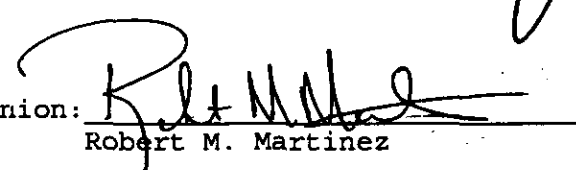
Sincerely,

RAYTHEON MISSILE SYSTEMS
Tucson Plant site



Robert P. Guth
Director, Labor Relations & Hourly Staffing

Accepted for the Union:


Robert M. Martinez

Raytheon

Missile Systems
PO Box 11337
Tucson, Arizona
85734-1337 USA
520.794.3000

02 November 2003

Ref. 10210-130

Old Pueblo Lodge No. 933, IAM and AW
369 West Ajo Way
Tucson, Arizona 85713

Attention: Mr. Robert M. Martinez, Directing Business
Representative

Gentlemen:

This is to confirm understandings reached during our recent negotiations as indicated below:

1. The Company and the Union agree and confirm the understanding reached in Negotiations that employees working in FACO will receive fifteen (15) minute rest periods.
2. The Company and the Union agree and confirm the understanding reached in Negotiations that the Company will provide \$200,000 Accidental Death and Dismemberment coverage for bargaining unit Employees working in FACO.
3. The Company and the Union agree and confirm the understanding reached in Negotiations that the Employer will renew the understanding contained in Letter Ref. 40-61, dated 18 May 1967 which provides that the Secretary-Treasurer of the Lodge will be placed on the Day shift while serving in that office.
4. For the term of this agreement, the Company and the Union agree and confirm the understanding reached in Negotiations that were some type of union security provision to become lawful in Arizona prior to the expiration of the current Collective Bargaining Agreement, both parties agree to bargain, upon request, at that time over a lawful union security clause. Were the parties to reach an agreement over a lawful security clause at that time, such a clause would be incorporated in the Collective Bargaining Agreement.

Any agreement between the parties would not require incumbent employees to become union members or pay agency fees in order to retain their jobs or other benefits to which they are otherwise entitled.

During the term of any such bargaining, the parties agree that the no-lockout no-strike clause, Article II, Section E, would remain in full force and effect at all times.

5. For the term of this agreement, the Company and the Union agree and confirm the understanding reached in Negotiations that **disputes arising out of the provisions of following plans will be resolved within the framework provided for dispute resolutions as outlined in the respective plan documents.**

- **Savings Investment Plan**
- **Group Benefits Plans**
- **Retirement Plans**
- **Dental Plans**

6. The Company and the Union agree and confirm the understanding reached in Negotiations that the Communicator dated **April 12, 2000**, subject: "Non-Bargaining Unit Employees Performing Bargaining Unit Work" will be updated and distributed to all non-bargaining unit employees. Should a question arise regarding the above subject, the Employer and the Union agree to meet to determine a proper course of action.

7. For the term of this agreement, the Company and the Union agree and confirm the understanding reached in Negotiations that references to letters which addressed occupations and situations no longer pertaining to the 1990 Labor Agreement are now identified in Attachment "O" of letter 5N-7001-074, dated October 23, 1990.

These documents will be kept for historical purposes to assist in layoff and recall situations that may arise.

8. For the term of this agreement, the Company and the Union agree and confirm the understanding reached in Negotiations that this is to confirm the parties' understanding concerning a drug-free workplace policy which includes Procedures for Drug Screening, dated July 1, 1989, for the purpose of pre-employment, temporary employee and reasonable suspicion testing contained in letter, reference 5N-7001-095, dated October 23, 1990.

9. For the term of this agreement, the Company and the Union agree and confirm the understanding reached in Negotiations that the parties agree to review letter of agreement, ref: 54-6000-011, dated **February 8, 2002**, Sick Child Care - Emergency Back-up Care.

10. For the term of this agreement, the Company and the Union agree and confirm the understanding reached in Negotiations that the Company will renew the understanding contained within the Letter of Agreement, reference 54-2000-117, November 01, 1996, regarding implementation of the Dependent Care Connection (DCC) Program for a one-year period(s).

11. The Company and the Union agree and confirm the understanding reached in Negotiations that the Company will reconfirm the practice of informing an employee who enters a drug rehabilitation program that his employment will be terminated if he fails to complete the program. For the purpose of this practice, the Union representative will be the chief steward or the alternate chief steward.

12. For the term of this agreement, the Company and the Union agree and confirm the understanding reached in Negotiations that the Employer and Union will renew the understanding contained in the letter, reference 54-6000-074 dated July 29, 1998, pertaining to the apprenticeship program for the Maintenance Electrician Technician **classification**.

13. During the term of this agreement, the Company and the Union agree and confirm the understanding reached in Negotiations that for the term of this agreement, the Employer and Union will renew the understanding contained in the letter, reference 54-2000-102 dated October 14, 1996, pertaining to voluntary layoffs. Should an employee be granted a voluntary layoff per this letter, such action will not limit flexible assignments as outlined in **Article V, Section N**.

14. For the term of this agreement, the Company and the Union agree and confirm the understanding reached in Negotiations that **letter Ref: 10210-040 - Life Resources-Lactation Program, Dated, March 31, 2003 will be renewed.**

15. For the term of this agreement, the Company and the Union agree and confirm the understanding reached in Negotiations that **letter Ref: 54-6000-017 - Wellmed Program, Dated January 29, 2003 will be renewed.**

17. For the term of this agreement, the Company and the Union agree and confirm the understanding reached in Negotiations that **letter Ref: 54-6000-094 - Educational Assistance Program, Dated, September 16, 2002, will be renewed.**

18. The Company and the Union agree and confirm the understanding reached in Negotiations that **letter, Ref: 54-6000-044 - Special Recognition Program, Dated, July 8, 2002, will be renewed.**

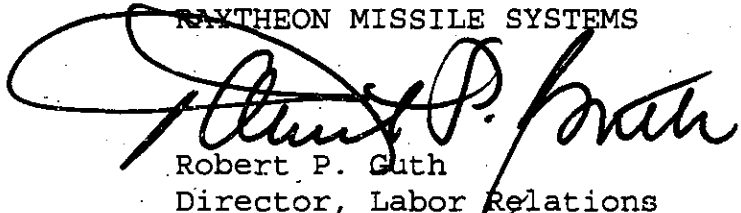
19. For the term of this agreement, the Company and the Union agree and confirm the understanding reached in Negotiations that letter, Ref: 10210-121 - Rewards and Recognition Program, Dated, October 23, 2003, will be in effect.

20. For the term of this agreement, the Company and the Union agree and confirm the understanding reached in Negotiations that for the term of this agreement, the company agrees to post for openings in the bargaining unit for a period of one (1) week prior to hiring for that occupation. Postings will be on company bulletin boards.

21. The Company and the Union agree and confirm the understanding reached in Negotiations that the Company and the Union will jointly develop a communicator dated January 1, 2004, subject: "Supervision Employee Introduction to area Shop Steward" to be updated and distributed on a bi-annual basis to all non-bargaining unit employees supervising bargaining unit employees. Should a question arise regarding the above subject, the Employer and the Union agree to meet to determine a proper course of action.

Very truly yours,

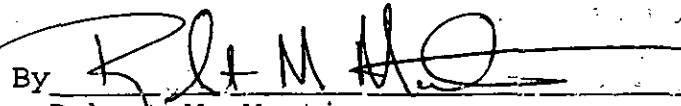
RAYTHEON MISSILE SYSTEMS


Robert P. Guth
Director, Labor Relations

RPG/cj

Date: 1-26-04

OLD PUEBLO LODGE NO. #933, IAM AND AW

By 
Robert M. Martinez
Directing Business Representative

2003

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[H] Holidays
 [L] Lump Sum Payment

2004

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H Holidays
S Supplemental Wage Payment

2006

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- C** Contract Expiration
- H** Holidays
- G** General Wage Increase



TOMAHAWK

